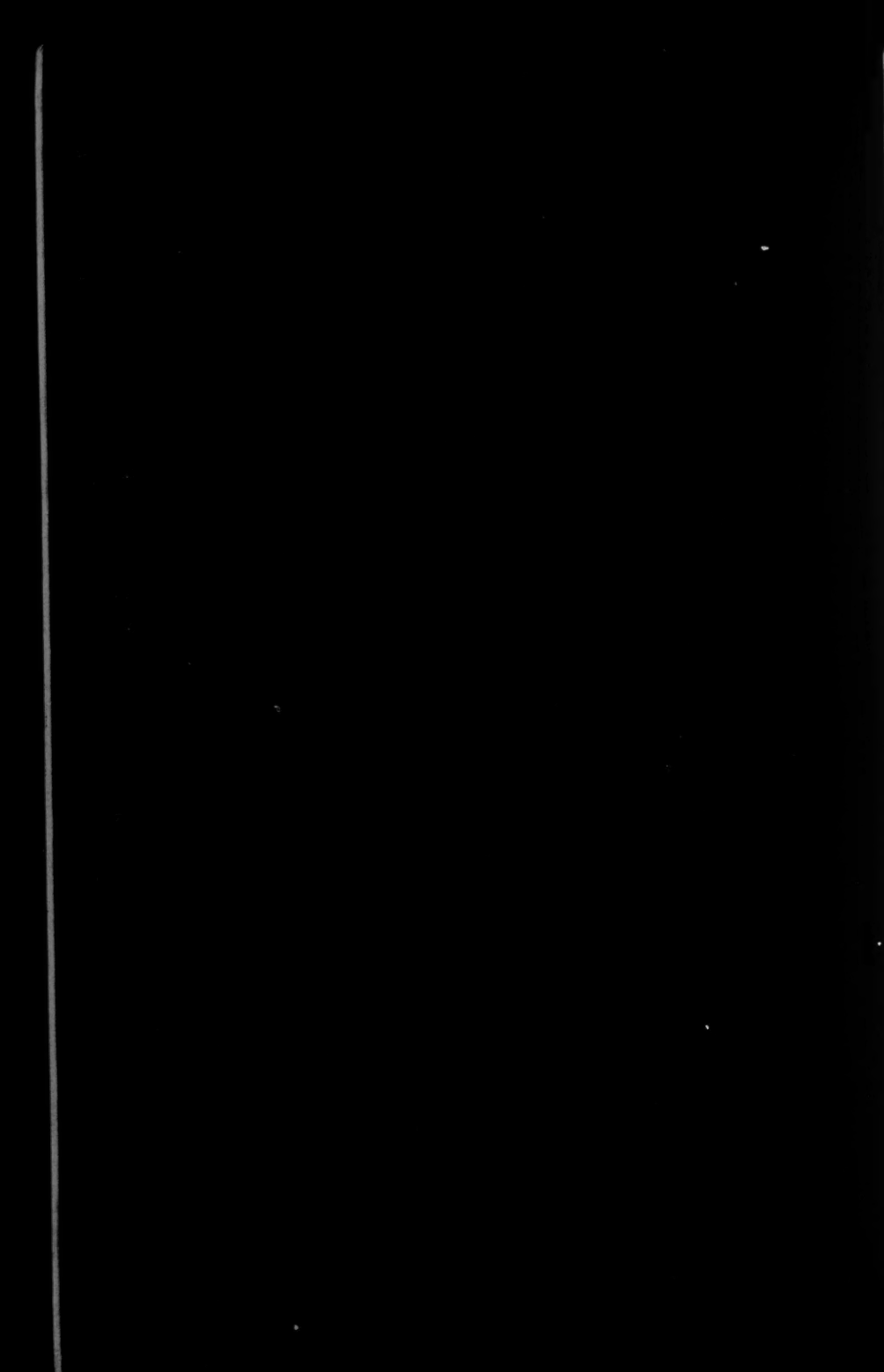


PRESIDENT'S COMMISSION ON UNEMPLOYMENT

Report of the Commission

- I. Organization, Work, and Character of the Commission
- II. Unemployment Statistics
- III. (A) National Unemployment
(B) Unemployment by State and Territory
- IV. Public Works
- V. (A) Construction
(B) Manufacturing
(C) Mining



Conference on unemployment, Washington, D.C.

REPORT

OF THE

PRESIDENT'S CONFERENCE ON UNEMPLOYMENT

HERBERT HOOVER, *Chairman*

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| I. Organization, Plan, and General Recommendations | VI. (1) Manufacturing |
| II. Unemployment Statistics | (2) Shipping |
| III. (1) Municipal Organization | (3) Foreign Trade |
| (2) Employment Agencies and Registration | (4) Agriculture |
| IV. Public Works | VII. Unemployment and Business Cycles—The Long View |
| V. (1) Construction | Postscript to the Report |
| (2) Transportation | |
| (3) Mining | |

September 26 to October 13, 1921



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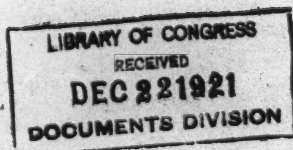
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X

"Fundamentally sound, financially strong, industrially unimpaired, commercially consistent, and politically unafraid, there ought to be work for everybody in the United States who wishes to work."—President Harding, speech to the Conference on Unemployment, September 26, 1921.

"What our people wish is the opportunity to earn their daily bread, and surely in a country with its warehouses bursting with a surplus of food and clothing, with its mines capable of indefinite production of fuel, with sufficient housing for comfort and health, we possess the intelligence to find solution."—Secretary Hoover, speech to the Conference on Unemployment, September 26, 1921.

ORGANIZATION AND PLAN, BY EDWARD EYRE HUNT, SECRETARY OF THE CONFERENCE.

On August 20, 1921, Secretary Hoover in a letter to the President suggested the calling of a "Presidential Commission of men representative of all sections, predominantly those who can influence the action of employing forces and who can influence public opinion," with a view "to proper determination of the facts and needs of the [unemployment] situation."

Replying on August 24 the President accepted the suggestion and asked Secretary Hoover to assist him in selecting men who "would be helpful in making a success of such a Conference."

The President's decision to call the Conference was communicated to the press on August 29 in an announcement by Secretary Hoover, who stated that—

The object of the Conference will be to inquire into the volume of needed employment, the distribution of unemployment, to make recommendations as to measures that can properly be taken in coordinated speeding up of employment by industries and public bodies during the next winter and in addition a broad study of the economic measures desirable to ameliorate the unemployment situation and give impulse to the recovery of business and commerce to normal.

On September 7 and 8 a number of economic experts met in Washington, at the invitation of Secretary Hoover. These men formed

the Economic Advisory Committee, later enlarged by its own action under the chairmanship of William S. Rossiter, of Concord, N. H., which was charged with the preparation of the agenda and with the collection and collation of material for submission to the Conference. A section of this committee met in Cambridge, Mass., on September 16 and transmitted a report to the whole committee which met in New York on September 20 and which in turn submitted, under date of September 22, an advance summary of its report to the Conference; the full report was rendered on September 26.

Meanwhile on September 20 announcement was made in Washington that Secretary Hoover had been appointed Chairman of the Conference by the President, and a list of the men and women who had accepted the President's invitation to serve as members of the Conference, headed by the Secretary of Labor, was given out. The list was later increased by further acceptances.

The President's telegram of invitation was as follows:

THE WHITE HOUSE,
Washington, D. C., September 20, 1921.

I am desirous of including your name in the forthcoming Conference on Unemployment to be held in Washington in about 10 days. The object of the Conference is to inquire into the volume and distribution of unemployment, to advise upon emergency measures that can be properly taken by employers and local authorities and civic bodies, and to consider such measures as would tend to give impulse to the recovery of business and commerce to normal. I would be glad if I could have your acceptance. I do not propose to make any public announcement until the list is complete.

WARREN G. HARDING.

At 10 a. m. on September 26, 1921, the Conference met in general session at the Department of the Interior and, after hearing addresses by the President¹ and Secretary Hoover² and appointing a Committee on Organization and Program, under the chairmanship of Henry M. Robinson, of Los Angeles, adjourned until the afternoon. The Conference reconvened at 3 p. m. at the Department of Commerce, and accepted the recommendations of the Organization Committee, which had been in session in the meantime, as to the division of the Conference into the following subcommittees to deal with the emergency program: Unemployment Statistics; Employment Agencies and Registration; Emergency State and Municipal Measures and Public Works; Emergency Measures by Manufacturers; Emergency Measures in Transportation; Emergency Measures in Construction; Emergency Measures in Mining; Emergency Measures in Shipping; and Public Hearings.

Adjournment was then taken until September 30 at 10 a. m.

¹ For full text of President's speech, see Appendix C.

² For full text of Secretary Hoover's speech, see Appendix D.

By action of the Organization Committee the subcommittee on Emergency State and Municipal Measures and Public Works was later divided into two, namely, subcommittee on Civic and Emergency Measures³ and subcommittee on Public Works.⁴

(The next three days, September 27, 28, and 29, were occupied with intensive work by the various subcommittees, some of which held public hearings under the direction of a Committee on Public Hearings. Agreement in the various subcommittees had been reached when the second general session was held on September 30 and an emergency program, consisting of 12 recommendations, was unanimously adopted.⁵)

On September 29 a preliminary unanimous report of the Committee on Unemployment Statistics⁶ was given out. On October 5 the complete report of the Committee on Community Civic and Permanent Measures² and a preliminary report of the Committee on Employment Agencies and Registration,³ both unanimous, were ready for submission to the Conference, and were made public.

On October 4 the President issued the following statement:

The Conference which I recently summoned to Washington to advise as to the unemployment situation has demonstrated that an unusual volume of unemployment exists and that pending the recuperation of trade the situation can not be met, in due regard to our obligations and necessities, without a much more than usual organization throughout those States and municipalities where unemployment has reached considerable proportions.

The Conference has recommended a plan of organization which has had the support of commercial, manufacturing, professional, and labor representatives of the country. It is highly necessary that more accurate knowledge should be had, through such organization, of the volume and necessities of the unemployed. It is essential that the cooperation of all sections of each community should be brought into action behind such organization to provide work and assistance that we may pass through the coming winter without great suffering and distress. It is of national importance that every community should at once undertake such organization in order that the Nation may be protected as a whole. Moreover, the thorough commitment to such a task is sure to start a thousand activities which will add to our common welfare.

I, therefore, appeal to the Governors and Mayors of the Nation that they should take the steps recommended by the Conference.

In order that there may be unity of action by all the forces which may be brought to bear, whether governmental or private, the Unemployment Conference is establishing an agency in Washington through which appropriate co-ordination can be promoted; and through which reports on progress and suggestions may be given general circulation and cooperation. I trust this agency will be supported in this endeavor.

WARREN G. HARDING.

³ See Part III.

⁴ See Part IV.

⁵ Emergency recommendations, Appendix A.

⁶ See Part II.

(Col. Arthur Woods, of New York, Chairman of the Committee on Civic Emergency Measures, immediately began the work of furnishing the various municipal and State authorities with the necessary information to enable them to put into effect the emergency recommendations of the Conference.

The Conference then adjourned not to meet again until October 11. In the meantime, particularly on October 10 and 11, work on a permanent program was begun in committees, the number of which had been increased by the appointment of subcommittees on the following: Foreign Trade; Agriculture; and Publications. The Conference reconvened at 3 p. m. on October 11, when a permanent program of eight recommendations was adopted.

At this session the unanimous reports of the Committees on Employment Agencies and Registration³ and on Foreign Trade⁴ were also adopted, and a resolution passed favoring further aid for the Federal employment service.

The subcommittees which had not yet completed their reports or arrived at an agreement continued their work on October 12 and 13. On each of these days a general session was held to consider the reports of the various committees. Since the Conference was a deliberative, not a legislative, body it was determined to consider only the committee reports which were unanimous and which were not in disagreement with the views of other committees of the Conference. All reports not coming within this category were submitted to the Conference for its information but were not acted upon.

During the general sessions of October 12 and 13 reports on the following subjects were unanimously adopted by the Conference: Statistics;⁵ Reclamation;⁶ Business Cycles;⁷ Public Works;⁸ Emergency Measures in Shipping;⁹ Permanent Measures in Shipping;⁹ Construction;¹⁰ Agriculture;⁸ Transportation.¹⁰

Reports on the following subjects were received but not acted on by the Conference: Mining;¹⁰ Railroads;⁸ Permanent Measures by Manufacturers;⁸ Taxation;⁸ and Tariff.⁸

With a view to consolidating the work of the Conference and making its work of immediate practical value, the concluding action of the general session of October 13¹¹ was the unanimous adoption of the following resolution:

³ See Part III.

⁴ See Part IV.

⁵ See Part II.

⁷ Permanent program, Appendix B.

⁸ See Part VI.

⁹ See Part VII.

¹⁰ See Part V.

¹¹ For full texts of "A statement by employer members of the Conference on unemployment," presented by Ernest T. Trigg at this session, the remarks of Samuel Gompers in reply, and the concluding remarks of Secretary Hoover, see Appendices E, F, and G.

Resolved, (a) That the Organization Committee should at once select and announce a Standing Committee of the Conference.

(b) Said committee to continue until the present unemployment emergency is passed.

(c) The Standing Committee is authorized to reconvene the Conference at any time it shall deem wise.

(d) It shall be the duty of the Standing Committee to continue the work in progress of emergency organization throughout the country.

(e) The Standing Committee shall appoint the following subcommittees for future report: (1) Such committees of service to the present emergency as may be required; (2) Committee on Construction Development; (3) Committee on Investigation of Remedial Measures for Reducing Intermittent and Seasonal Unemployment; and (4) Committee on Permanent Measures of Preventing Unemployment.

(f) All matters undisposed of shall be referred to the Standing Committee.

(g) All other committees to be relieved from further duty.

The Standing Committee, appointed in accordance with the above resolution, consists of the following:

Herbert Hoover, Chairman.	E. M. Poston, Columbus, Ohio.
Julius H. Barnes, Duluth, Minn.	Miss Ida M. Tarbell, New York, N. Y.
Edward Eyre Hunt, Secretary.	Ernest T. Trigg, Philadelphia, Pa.
William M. Butler, Boston, Mass.	Miss Mary Van Kleeck, New York, N. Y.
Edgar E. Clark, Washington, D. C.	Matthew Woll, Washington, D. C.
Joseph H. Defrees, Chicago, Ill.	Col. Arthur Woods, New York, N. Y.
Mortimer Fleishacker, San Francisco, Calif.	Clarence Mott Woolley, New York, N. Y.
C. H. Markham, Chicago, Ill.	Mayor Andrew J. Peters, Boston, Mass.

APPENDIX A.—GENERAL RECOMMENDATIONS OF THE CONFERENCE FOR THE EMERGENCY PROGRAM.

[Adopted on Sept. 30, 1921.]

SEPTEMBER 29, 1921.

The Conference presents this summary of its recommendations for an emergency program for immediate adoption and prosecution.

The views of the Conference in amplification of these recommendations and as to measures which would contribute to restoration of industry and commerce will be given later.

1. The Conference finds that there are, variously estimated, from three and one-half to five and one-half millions unemployed, and there is a much greater number dependent upon them. There has been an improvement, but pending general trade revival this crisis in unemployment can not be met without definite and positive organization of the country.

2. The problem of meeting the emergency of unemployment is primarily a community problem. The responsibility for leadership is with the Mayor and should be immediately assumed by him.)

3. The basis of organization should be an Emergency Committee representing the various elements in the community. This committee should develop and carry through a community plan for meeting the emergency, using existing agencies and local groups as far as practicable. One immediate step should be to coordinate and establish efficient public employment agencies and to register all those desiring work. ~~It should coordinate the work of the various charitable institutions.~~ Registration for relief should be entirely separate from that for employment.

4. The personnel of the Employment Agencies should be selected with consideration to fitness only and should be directed to find the right job for the right man and should actively canvass and organize the community for opportunities for employment. ~~The registry for employment should be surrounded with safeguards and should give priority in employment to residents. Employers should give preference to the Emergency Employment Agencies.~~

5. The Emergency Committee should regularly publish the numbers dependent upon them for employment and relief that the community may be apprised of its responsibility. Begging and uncoordinated solicitation of funds should be prevented.

6. Private houses, hotels, offices, etc., can contribute to the situation by doing their repairs, cleaning, and alterations during the winter instead of waiting until spring, when employment will be more plentiful.

7. Public construction is better than relief. The municipalities should expand their school, street, sewage, repair work, and public buildings to the fullest possible volume compatible with the existing circumstances. That existing circumstances are favorable is indicated by the fact that over \$700,000,000 of municipal bonds, the largest amount in history, have been sold in 1921. Of these, \$106,000,000 were sold by 333 municipalities in August. Municipalities should give short-time employment the same as other employers.

8. The Governor should unite all State agencies for support of the Mayors and, as the superior officer, should insist upon the responsibility of city officials; should do everything compatible with circumstances in expedition of construction of roads, State buildings, etc.

9. The Federal authorities, including the Federal Reserve Banks, should expedite the construction of public buildings and public works covered by existing appropriations.

10. A congressional appropriation for roads, together with State appropriation amounting to many tens of millions of dollars already made in expectation of and dependence on Federal aid, would make available a large amount of employment.

The Conference under existing circumstances, notwithstanding various opinions as to the character of the legislation and the neces-

sity for economy, recommends congressional action at the present session in order that work may go forward.

11. The greatest area for immediate relief of unemployment is in the construction industry, which has been artificially restricted during and since the war. We are short more than a million homes; all kinds of building and construction are far behind national necessity. The Senate Committee on Reconstruction and Production, in March of this year, estimated the total construction shortage in the country at between 10 and 20 billion dollars. Considering all branches of the construction industries more than 2 million people could be employed if construction were resumed. Undue cost and malignant combinations have made proper expansion impossible and contributed largely to this unemployment situation.) In some places these matters have been cleaned up. In other places they have not and are an affront to public decency. In some places these things have not existed. In others, costs have been adjusted. Some materials have been reduced in prices as much as can be expected. Where conditions have been righted, construction should proceed, but there is still a need of community action in provision of capital on terms that will encourage home building. Where the costs are still above the other economic levels of the community there should be searching inquiry and action in the situation. We recommend that the Governors summon representative committees, with the cooperation of the Mayors or otherwise as they may determine, to (a) determine facts; and (b) to organize community action in securing adjustments in cost, including removal of freight discriminations, and clean-out campaigns against combinations, restrictions of effort, and unsound practices where they exist, to the end that building may be fully resumed.

12. Manufacturers can contribute to relieve the present acute unemployment situation by—

- (a) Part-time work, through reduced time or rotation of jobs.
- (b) As far as possible, manufacturing for stock.
- (c) Taking advantage of the present opportunity to do as much plant construction, repairs, and cleaning up as is possible, with the consequent transfer of many employees to other than their regular work.
- (d) Reduction of the number of hours of labor per day.
- (e) The reduction of the work week to a lower number of days during the present period of industrial depression.
- (f) That employees and employers cooperate in putting these recommendations into effect.)

A large number of employers have already, in whole or in part, inaugurated the recommendations herein set forth, and for this they are to be commended, and it is earnestly urged upon those employers

who have not done so to put same into use, wherever practicable, at the earliest possible opportunity.

(g) Specific methods for solution of our economic problems will be effective only in so far as they are applied in a spirit of patriotic patience on the part of all our people.

During the period of drastic economic readjustment, through which we are now passing, the continued efforts of anyone to profit beyond the requirements of safe business practice or economic consistency should be condemned. One of the important obstacles to a resumption of normal business activity will be removed as prices reach replacement values in terms of efficient producing and distributing cost plus reasonable profit.

We, therefore, strongly urge all manufacturers and wholesalers who may not yet have adopted this policy to do so, but it is essential to the success of these measures when put into effect that retail prices shall promptly and fairly reflect the price adjustment of the producer, manufacturer, and the wholesaler.

When these principles have been recognized and the recommendations complied with, we are confident that the public will increase their purchases, thereby increasing the operations of the mills, factories, and transportation companies, and consequently reducing the number of unemployed.

APPENDIX B.—GENERAL RECOMMENDATIONS OF THE CONFERENCE FOR MEASURES FOR PERMANENT RECOVERY OF EMPLOYMENT.

[Adopted on Oct. 11, 1921.]

OCTOBER 11, 1921.

Recovery of our industry and employment must necessarily be a process of gradual healing of the great economic wounds of the World War. This healing is making distinct progress.

Without attempting the impossible task of assessing the relative weight of different forces, the Conference presents the following summary of the more important matters that require constructive and immediate settlement if recovery in business and permanent employment are to be more expeditiously accomplished:

1. Readjustment of railway rates to a fairer basis of the relative value of commodities, with special consideration of the rates upon primary commodities, at the same time safeguarding the financial stability of the railways.

2. Speedy completion of the tax bill with its contemplated reduction of taxes, in order that business now held back pending definite determination may proceed.

3. Definite settlement of tariff legislation in order that business may determine its future conduct and policies.

4. Settlement of the financial relationships between the Government and the railways, having in mind the immediate necessity for increased maintenance and betterments, making effective increased railway employment and stimulation of general employment, in order that the railways may be prepared for enlarged business as it comes.

5. Limitation of world armament and consequent increase of tranquillity and further decrease of the tax burden not only of the United States but of other countries.]

6. Steps looking to the minimizing of fluctuations in exchange, because recovery from the great slump in exports (due to the economic situation in Europe) can not make substantial progress so long as extravagant daily fluctuations continue in foreign exchange, for no merchant can determine the delivery cost of any international shipment.

7. Definite programs of action that will lead to elimination of waste and more regular employment in seasonal and intermittent industries, notably in the coal industry, in order that the drain upon capital may be lessened and the annual income of workers may be increased.

8. In the field of all the different industries and occupations the rapidity of recovery will depend greatly upon the speed of proportionate adjustment of the inequalities in deflation. A table is attached hereto, drawn from various sources, showing the percentage of present levels above the levels of the same commodities and services of the prewar period. It will be observed that agriculture has reached an unduly low plane, while transportation, coal, and some branches of the construction industries are of the highest. It will also be observed that there is an entire disproportion between the price of the primary commodities and the ultimate retail price. These disproportionate increases in the progressive stages of distribution are due to increased costs of transportation, enlarged profits, interest, taxes, labor, and other charges.

If the buying power of the different elements of the community is to be restored, then these levels must reach nearer a relative plane. For example, the farmer can not resume his full consuming power and thus give increased employment to the other industries until either his prices increase or until more of the other products and services come into fair balance with his commodities, and therefore the reach of his income.

APPROXIMATE INDEX NUMBERS BASED UPON 100 FOR 1913.

[August, 1921.]

Cost of living:

Department of Labor (May, 1921, survey).....	180
National Industrial Conference Board.....	165
Average price to producer, farm crops.....	100

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Average price to producer, live stock	113
Average wholesale price, foods	152
Average retail price, foods	155
Wheat and flour:	
Wheat average to producer	128
Flour, wholesale, United States average	173
Bread, retail, United States, average	173
Freight rate, flour, Minneapolis to New York, domestic	187
Live stock and meats:	
Pork—	
Hogs to producer	116
Wholesale ham at Chicago	166
Retail ham	197
Wholesale bacon, rough side	102
Retail sliced bacon	162
Wholesale short side	108
Wholesale pork chops	184
Retail pork chops	181
Retail lard	115
Beef—	
Cattle, average to producer	91
Wholesale carcass beef at Chicago	124
Retail, sirloin steak	157
Retail, round	160
Retail, rib roast	147
Retail, chuck roast	130
Retail, plate beef	112
Wages in meat packing (Department of Labor investigation)	186
Freight rates, dressed beef, Chicago to New York	214
Hides and leathers:	
Hides, green salted, packers, heavy native steers (Chicago)	76
Hides, calfskin No. 1, country, 8 to 15 pounds (Chicago)	86
Leather, sole, hemlock, middle No. 1 (Boston)	120
Leather, chrome, calf, dull or bright, "B" grades (Boston)	195
Wholesale boots and shoes, mens vici calf, blucher-Campella (Brockton)	225
Freight rate, shoes, Lynn, Mass., to Chicago	210
Wage scales in shoe industry (Massachusetts), about	200
Cotton:	
To producer	105
Yarns, carded, white, Northern mule, spun, 22 cones (Boston)	107
Wholesale sheeting, brown 4/4 ware, shoals L. L. (New York)	118
Wholesale printcloth 27 inches, 64 by 60, 7.60 yards to pound (Boston)	137
Wool:	
To producer	92
Wholesale worsted yarns 2/32, crossbred stock white in skein (Philadelphia)	148
Wholesale women's dress goods, storm serge, all wool, double warp, 50 inches (New York)	157
Wholesale suitings, wool-dyed blue, 55-56, 16 ounces, Middlesex (Boston)	183
Freight rate, clothing, New York to Chicago	210
Wage scale in mills, about	200

Building and construction:

Prices—

Lumber, average southern pine and Douglas fir (at the mill)---	128
Brick, average common, New York and Chicago-----	199
Cement, Portland, net, without bags to trade f. o. b. plank (Buffington, Ind.) -----	175

Freight rates—

Brick, common, Brazil, Ind., to Cleveland, Ohio-----	204
Cement, Universal, Pa., to New York-----	179

Building labor:

Union scale, simple average, 15 occupations-----	190
Union scale, weighted average, 8 occupations, frame houses (3)-----	197
Union scale, weighted average, 8 occupations, brick houses (3)-----	193
Common labor-----	130

Construction costs: Cement buildings (Aberthaw Construction Co.)----- 161

Coal:

Price, bituminous, Pittsburgh-----	186
Price, anthracite, New York tidewater-----	198

Union wages scales, about-----	173
Nonunion scale, about-----	136

Freight rates----- 187-209

Metal trades, union wage scale: Simple average, 19 occupations----- 218

Metals:

Prices—

Pig iron, foundry No. 2 Northern (Pittsburgh)-----	137
Pig iron, Bessemer-----	128
Steel billets, Bessemer (Pittsburgh)-----	115
Copper ingots electrolytic, early delivery, New York-----	75
Lead, pig, desilverized, for early delivery, New York-----	100
Zinc, pig (spelter), Western, early delivery, New York-----	80

Day labor, scale United States Steel Corporation----- 150

Printing and publishing:

Book and job, union wage scale-----	194
Newspaper, union wage scale-----	157

Railroad, average receipts per ton-mile----- 177

Bureau Railway Economics estimate of railway wages based on average annual compensation, third quarter----- 226

General estimate all union wage scales, by Prof. Wolman----- 189

NOTE.—The wage indexes refer mostly to wage scales, not the earnings which necessarily also depend upon regularity of employment.

APPENDIX C.—PRESIDENT HARDING'S ADDRESS OF WELCOME, SEPTEMBER 26, 1921.

Ladies and gentlemen of the Conference, it is a pleasure to express to you in advance of your labors the gratitude of the Government for your service to the Nation. Perhaps it is not too much to say a service for the world. Not so very long since I was receiving the call of a distinguished foreigner, and in the course of our conversation he alluded to the Conference which is met this morning and said: "Mr. President: Our people are deeply interested in the American Conference on Unemployment, because our problem is akin

to your own, and your relief in the United States will be an added signal of hope from America to us and other peoples who are like depressed."

That remark of a distinguished foreigner emphasized our responsibility. If it be true that no citizen is without example to some one among his fellows, which I believe to be everlastingly true, then nations, great and small, are influencing others in all they do.

You are invited together to consider a condition which is in no wise peculiar to the United States. The industrial depression which we are feeling is a war inheritance throughout the world. We saw humanity stressed in that production which is impelled by nations desperate in self-preservation. We saw the industrial call to arms which marshaled the family as well as the accustomed bread winners, and we saw the spiritual, mental, and physical might of the people cast in the scales measuring the might of the Republic. From such a test there is inevitable reaction. To such heights there is necessary ascent and inescapable descent. With the world involved there is no escape for any of the world from the valleys of depression. Though we suffered less than many of those with whom we were associated, and less than any of those against whom we contended, it was inevitable that we should experience the fever's aftermath, and come to know depression before we could become normal again.

Liquidation, reorganization, readjustment, reestablishment, taking account of things done, and the sober contemplation of things to be done, the finding of firm ground and the open, sure, and onward way—all these are a part of the inevitable, and he who thinks they might have been avoided by this plan or that, or this policy or that, or this international relationship or that, only hugs a delusion when reason is needed for a safe council.

Even though the world's storehouses were depleted, at the same time the finances were unbalanced, and none was ready to store a war crop for the more deliberate consumption of peace. Momentarily there was elation, but it was not the glow of abiding health. We mistook elation for restoration; to-day we are met in realization. You have been summoned to counsel all America, to apply your knowledge and your experience in relieving a condition which concerns all America. Specifically, you are to deal with unemployment, to suggest the way of repairing arterial circulation which is the very lifeblood of the republic.

There is always unemployment. Under most fortunate conditions, I am told, there are a million and a half in the United States who are not at work. The figures are astounding only because we are a hundred millions, and this parasitic percentage is always with us.

But there is excessive unemployment to-day, and we are concerned not alone about its diminution but we are frankly anxious, under

the involved conditions, lest it grow worse, with hardships of the winter season soon to be met.

I do not venture to quote the statisticians, whether the maximum figures are accurate or the minimum more dependable. Owing to the far swing from intensive endeavor and the effort to get down to solid foundations, coupled with the difficulty of readjusting expenditure—public, corporate, and individual from abnormal to normal—the problem of unemployment is the most difficult with which we are confronted.

But there are no problems affecting our national life and the welfare of the American people which we can not and will not solve. If we fail to-day we will try again to-morrow. There has been vast unemployment before and will be again. There will be depression after inflation, just as surely as the tides ebb and flow, but we can mitigate, we can shorten duration, we can commit all America to relief. And all America has never failed when committed to a common cause. If, out of your councils, there comes a remedy which all America helpfully may apply to-day, it may be helpfully employed some time again when similar conditions are encountered.

It is fair to say that you are not asked to solve the long-controverted problems of our social system. We have builded the America of to-day on the fundamentals of economic, industrial, and political life which made us what we are, and the temple requires no remaking now. We are incontestably sound. We are constitutionally strong. We are merely depressed after the fever, and we want to know the way to speediest and dependable convalescence. When we know the way, everybody in America, capital and labor, employer and employee, captains of industry and the privates in the trenches, will go over the top in the advance drive of peace. Frankly, it is difficult to know whether we have reached that bedrock to which reaction runs before the upward course begins, but here are representatives of the forces which make for all we are or ever can be, and your soundings ought to be reliable.

I would have little enthusiasm for any proposed relief which seeks either palliation or tonic from the public treasury. The excess of stimulation from that source is to be reckoned a cause of trouble rather than a source of cure. We should achieve but little in a remedial way if we continued to excite a contributing cause.

It is not my thought to suggest your lines of conference. Mr. Hoover, the Secretary of Commerce, to whom has been committed the arrangements for this important meeting, will present the agenda. I have wished to say to you that the people of the United States are very deeply interested, not alone the unemployed, but all who are concerned for our common weal, and the world is looking on to find helpfulness in our American example. Fundamentally sound, finan-

cially strong, industrially unimpaired, commercially consistent, and politically unafraid, there ought to be work for everybody in the United States who chooses to work, and our condition at home and our place in the world depend on everybody going to work and pursuing it with that patriotism and devotion which make for a fortunate and happy people.

APPENDIX D.—SECRETARY HOOVER'S ADDRESS, SEPTEMBER 26, 1921.

In calling this Conference, the President has hoped to mobilize the sense of service in our people to the solution of a problem that not only commands our sympathies but is of primary necessity to public welfare.

Obviously our unemployment arises from the aftermath of the great World War. We have been plunged into a period of violent readjustment and one of the bitter fruits of this readjustment is large unemployment. This period of depression and its accompanying unemployment have been continuous since the fall of last year, but our working population was able to carry over during the past winter upon its savings. There can be no question that we are on the upgrade, but economic progress can not under any expectation come with sufficient rapidity to prevent much unemployment over the forthcoming winter. Great numbers will have exhausted their savings and must be subjects of great concern to the entire public. There is no economic failure so terrible in its import as that of a country possessing a surplus of every necessity of life in which numbers, willing and anxious to work, are deprived of these necessities. It simply can not be if our moral and economic system is to survive. It is the duty of this Conference to find definite and organized remedy for this emergency and I hope also that you may be able to outline for public consideration such plans as will in the long view tend to mitigate its recurrence.

(The questions before the Conference appear to me to lie in several broad phases. First, no problem can be adequately approached for solution without a knowledge of the facts; that is, we need first a determination of the volume and distribution of unemployment. Any proposal of amelioration must depend upon the weight of the burden we must carry.)

We need a determination of what emergency measures should be undertaken to provide employment and to mitigate the suffering that may arise during the next winter, and the method of organization for their application.

We need a consideration and a statement of what measures must be taken to restore our commerce and employment to normal, or to

put it in another way, what obstacles need to be removed to promote business recovery—the only real and lasting remedy for unemployment is employment.

It seems to me we can on this occasion well give consideration to and expression of the measures that would tend to prevent the acute reactions of economic tides in the future. A crystallization of much valuable public thought on this matter would have lasting value in education of our people.

(The remedies for these matters must in the largest degree lie outside of the range of legislation. It is not consonant with the spirit or institutions of the American people that a demand should be made upon the public treasury for the solution of every difficulty. The Administration has felt that a large degree of solution could be expected through the mobilization of the fine cooperative action of our manufacturers and employers, of our public bodies and local authorities, and that if solution could be found in these directions we should have accomplished even more than the care of our unemployed, that we will have again demonstrated that independence and ability of action amongst our own people that saves our Government from that ultimate paternalism that will undermine our whole political system.)

In the other countries that have been primarily affected by the War, solution has been had by direct doles to individuals by their Governments. We have so far escaped this most vicious of solutions, and I am hopeful, and I believe you will be, that it is within the intelligence and initiative of our people that we may find remedies against hardship and bitterness that do not, except in exceptional cases, come within the range of charity.)

(What our people wish is the opportunity to earn their daily bread, and surely in a country with its warehouses bursting with surplusses of food, of clothing, with its mines capable of indefinite production of fuel, with sufficient housing for comfort and health, we possess the intelligence to find solution. Without it our whole system is open to serious charges of failure.)

(I have no desire to anticipate the results of the Conference.) It is my belief that in the intelligence and influence which you command, we shall be able to lay out a program by which, in great measure, these things can be accomplished. (It is neither the desire nor in the power of the Federal Government to enforce such programs. It is, however, the duty of the Federal Government to mobilize the intelligence of the country, that the entire community may be instructed as to the part they may play in the effecting of such solutions. I have no question in my own mind that if we can accomplish this, our people will respond by that initiative and action that it has so finely demonstrated in every crisis.)

Those economic movements which have presently reached the phase of unemployment, the exact measure of which is yet to be determined by the facts, can be modified and possibly controlled by practical remedies available through cooperative service on the part of those abundantly able and doubtless eager to render it.

This crisis in some respects is fraught with hardships quite as grave as those which confronted the country during the period of its participation in the Great War.

The generous response then made by men and women in all walks of life to appeals for service will be repeated in this emergency if a practical plan is devised for the mobilization of this conquering force of service.

**APPENDIX E.—A STATEMENT OF EMPLOYER MEMBERS
PRESENTED TO THE CONFERENCE OCTOBER 13, 1921,
BY ERNEST T. TRIGG, OF PHILADELPHIA, PA.**

We appeal to our fellow employers throughout the country to support the immediate program adopted by the Conference as a means of practically ameliorating the existing situation. We do not think our fellow citizens sufficiently appreciate the value of the insistence of the President and the Secretary of Commerce that neither Government relief nor public doles shall be considered as a means of meeting unemployment. This wise admonitory restraint aids us to avoid, on the threshold of our undertaking, the demoralizing experience of Europe with these prohibited methods.)

The plans upon which the conference have agreed are practical forward steps. But as employers, conscious of a high social responsibility, impelled alike by considerations of intelligent self-interest and public obligation to restore the employing power of productive enterprise, we do not believe our situation can be permanently improved until some of its chief causes are frankly recognized and squarely faced. Our prime difficulty is a high and unbalanced cost of production which is keeping goods and services beyond the buying power of consumers. That condition can not be bettered until each of us recognizes it as a fact and does his part, individually and collectively, to restore a free exchange of commodities and services upon such terms that we may reciprocally absorb each other's products.

We believe we will gain nothing by quarreling over who is responsible for the condition, but rather must we investigate it intelligently and unselfishly to determine what the facts are and what are our respective obligations toward them.

(Wages rose more slowly than prices during the war. Since then prices have naturally declined more rapidly than wages, and in the great field of foodstuff production farm products have declined more

rapidly than the things for which they are exchanged, while fuel, transportation, and some construction costs are still predicated upon war-time costs. Costs in these fields of human activity are more greatly out of line than in any other, and the effect is plainly felt in all our interdependent social transactions. The drastic economic adjustment through which we must pass in establishing new prices and values for goods and services knows no favorites. Employers and employees, manufacturers, merchants, distributors, transporters, all must meet them, for neither commodity prices nor wage rates can be maintained above the natural economic level.)

That we must jointly find if we are to restore a self-supporting balanced industry which is the only doorway of prosperity for all of us. We must recognize these facts, for any blind refusal to see them or stubborn determination to oppose them merely delays practical readjustment and a business revival.

The present conditions help nobody. To recognize and meet them is to help ourselves and the society of which we are a part. To selfishly and stubbornly resist them is to engage in a hopeless conflict with economic law.

(Nobody can be made to work for less than he will. Neither can anyone afford to employ to produce what he can not sell. Let us, therefore, reach a basis of mutually intelligent agreement between employer and employee in the interest of general society so that we may restore our general activities through intelligent recognition of common conditions.

Government can do its part by settling the costs of business operation represented in taxation quickly, simply, and intelligently. If this vital economic problem is to become the football of partisan politics or given a merely political answer, the Congress will greatly delay if not prevent business recovery.) Enterprise will not go forward nor individual initiative be stimulated under any system which, penalizing active capital, drives wealth out of productive enterprise which multiplies jobs into the hiding places of tax-exempt securities where its utility is severely limited. Taxes are a cost of business operation, and if they are unduly burdensome, difficult of adjustment, and uncertain in their operation, they become of necessity a serious and injurious embarrassment to enterprise and in the present situation will hamper and obstruct necessary economic readjustment.

The present situation is indeed a test of our capacity as a people to work together and intelligently meet a situation in which every fundamental condition is favorable, and we alone can injure ourselves, either through our refusal to see the facts or our unwillingness in our private and public capacity to act upon them.

APPENDIX F.—REMARKS OF SAMUEL GOMPERS, PRESIDENT OF THE AMERICAN FEDERATION OF LABOR, DELIVERED AT THE CLOSE OF THE CONFERENCE, OCTOBER 13, 1921.)

MR. GOMPERS: Mr. Chairman, it is a cause of regret to me to-day that the thought did not occur to prepare a statement, which I should have taken pleasure to prepare and to read here this morning. But may I be permitted then, as the thought comes to me, to express to you what I feel at this moment, prior to the adjournment of this Conference, or a recessing of the Conference.

During the period from the time we were convened until the present I, as is my habit and duty, have endeavored to keep informed of what is transpiring upon the economic, the industrial, the commercial, and the political field of not only our own country but of other countries.

The subject of the participation of representatives of the wage earners of the country in this Conference was discussed before any official invitation had been extended to me, and to other men and women who are closely identified with the cause of the wage earners per se.

(I noticed, as no doubt most of you, no doubt all of you have, that in the newspapers of October 7, there were published cable dispatches from Europe, and particularly from England, that the Government of that country, with employers and representatives of workers, were discussing the question as to the holding of a joint conference—a tripartite conference, if you please—for the purpose of devising ways and means to protect the acute situation of unemployment in England. The matter had been gone over by the representatives of the British Government, the representatives of employers, and representatives of labor. The position taken by the representatives of labor in England was that they would sit in and act as advisers, if asked, but so far as the determination of policies was concerned, they would withhold their participation; they refused to accept the position of responsibility in regard to that situation. They decided to hold themselves in a position of either supporting or approving, or declining to support or give approval to the conclusions reached. I have no criticism to offer as to the attitude of British labor. It is a matter and a problem and a situation with which they, themselves, must deal. My only purpose in calling attention to it is to indicate the fact that American organized labor, as well as American labor unorganized, is part of the common citizenship of the Republic of the United States, and we are willing to assume our position of responsibility for any joint action which may be taken.) And American labor has said that it will sit in and

confer and endeavor to be helpful in a constructive, helpful policy to find a way out, not only of this emergency of the unemployment of large numbers of our fellow workers and fellow citizens, but to try and help in solving the problem so that there shall be some measure of an equilibrium maintained throughout the industrial and commercial forces of our country.

To all the principles laid down by Mr. Trigg, in the paper submitted, I can not subscribe. To many of them I give my unhesitating and unqualified approval. But this I will say: That I am gratified at the spirit manifested in this general Conference. I regret that it is impossible for me to affirm that that same spirit was manifested in the committee of which I had the privilege of being a member. The conclusions reached by this Unemployment Conference will, I am sure, be helpful in the early emerging from our present acute unemployment situation.

May I add this: That I feel that the Chairman of this Conference has not only displayed his wonderful attributes of mind and character but has helped to guide us aright and to avoid controversial questions being discussed, at least for the present. [Applause.]

I do not want to take up more than a minute additional of your time. And that is to offer a motion that the sincere thanks of this Unemployment Conference be extended to the Hon. Herbert Hoover, Chairman of this Conference. I offer that motion, and if it finds a seconder I will ask Mr. Defrees to put the motion.

MR. TRIGG. Mr. Defrees, I desire to very heartily second that motion.

MR. DEFREES. He was swifter than I am. I wanted to do that myself.

The motion was thereupon put and was unanimously carried.

APPENDIX G.—REMARKS OF HON. HERBERT HOOVER, DELIVERED AT THE CLOSE OF THE CONFERENCE, OCTOBER 13, 1921.

THE CHAIRMAN (MR. HOOVER): Ladies and gentlemen, I am very grateful for your expression. I, too, not only convey my own thanks to you for your services here but desire to carry to you a word from the President of his gratitude for your willingness to come here and consider these questions and to give to the Administration and to the country some indication as to how this crisis can be met.

We have, indeed, a great crisis, and the purpose of this Conference has been to find a plan by which we can get through this next winter into seas less rough, into areas of greater economic prosperity; into times when our labor will have been reabsorbed into industry. You

have laid out a plan. The plan has been willingly accepted by a large section of the country, and you have erected the machinery to pursue that work, and we will see if we can not get through this crisis without calling on the funds in the public purse for support and subsistence of our unemployed. Whether we can succeed in that will depend greatly upon the coordination and cooperation that we can figure from industries and civic bodies of the United States. That this is a problem for voluntary organization is consonant with the American spirit and American institutions. If we can not secure its solution in that direction we shall have made a distinct step backward in the progress of this country. It is therefore vital that you who return for a term to your own sections of the United States should insist, in season and out of season, that this is a problem that rests upon the voluntary and neighborly action of the American people.

(To me the successful consummation of the Conference marks a milestone in the progress of social thought. Aside from the pressure of war, I believe that this is the only conference held in Washington under the auspices of the Government where the ultra extreme in social thought has been brought together, and where the Conference has come through for actual constructive results, and parts in good will. We have found it possible to agree upon every major issue; to agree upon the emergency measures that are required—the social background of those measures—and to agree upon the great principles that must be met if we are to have a recuperation of employment and industry. We may have disagreement as to detail.) It would be impossible to bring together 60 persons of strength of mind capable of sitting in a Conference of this kind without having such minor disagreement. (This, however, is the outstanding thing that this Conference has proved, that it is possible to bring together 60 people representing every particular avenue of thought in the United States, and have them sit down together and come to a common agreement upon a subject that vitally affects each and everyone of them.)

There has been a definite spirit in this Conference that in itself is an encouragement to everyone in the United States. That is, that while we have been here dealing with problems of railways, of shops, and of farms, and of instruments of commerce and industry, there has been in the background of every person's mind the fact that we were dealing, not with mechanical things, but that we were dealing with the problems of men, women, and children.

There has been in this Conference the dominating thought that the better control of economic forces was in fact simply the better comfort of our country. I thank you. (Applause.)

If there is no further business before the Conference I would suggest a resolution that the Conference adjourn, subject to the call of the Standing Committee.

Mr. DEFREES: I so move, Mr. Chairman.

The motion was duly seconded and unanimously carried.

At 11.45 a. m., Thursday, October 13, 1921, the Conference adjourned, subject to the call of the Standing Committee.

It is a common mistake to suppose that the only way to
improve the quality of the work is to increase the number of
workers. In fact, the most effective way to improve the
quality of the work is to improve the quality of the
workers. This can be done by providing them with the
best possible training and equipment. It is also important
to provide them with a good working environment. This
includes providing them with a safe and healthy workplace,
as well as providing them with the necessary resources to
do their jobs. Finally, it is important to provide them
with a good wage and benefits package. This will help to
attract and retain the best workers. In short, the key
to improving the quality of the work is to invest in the
workers. This will pay off in the long run by producing
higher quality work and increasing productivity.

Part II.—UNEMPLOYMENT STATISTICS.

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MEMBERS OF COMMITTEE ON UNEMPLOYMENT STATISTICS.

Henry M. Robinson, Chairman.	Miss Mary Van Kleeck.
T. W. Mitchell, Executive Secretary.	Walter F. Willcox.
W. L. Burdick.	Matthew Woll.
James A. Campbell.	Leo Wolman.
Mayor James Couzens.	Clarence Mott Woolley.
Carrol W. Doten.	Allyn A. Young.
C. R. Markham.	

SUBCOMMITTEE TO TABULATE DISTRIBUTION OF UNEMPLOYMENT.

Clarence Mott Woolley, Chairman.	Carrol W. Doten.
Miss Mary Van Kleeck.	Allyn A. Young.

NUMBER OF UNEMPLOYED.

[Adopted by the Conference, Sept. 29, 1921. Reprinted from Part I.]

The Conference finds that there are, variously estimated, from three and one-half to five and one-half millions unemployed, and there is a much greater number dependent upon them. There has been an improvement, but, pending general trade revival, this crisis in unemployment can not be met without definite and positive organization of the country.

PRELIMINARY REPORT OF THE COMMITTEE ON UNEMPLOYMENT STATISTICS, SEPTEMBER 28, 1921.

[Not acted upon by the Conference.]

The Committee on Unemployment Statistics of the President's Conference on Unemployment reported its findings at 4.30 p. m. The committee deplored and was much impressed by the absence of adequate opportunity to obtain the essential facts concerning the matter of unemployment.

Those departments of the Government in Washington which deal with the statistics in this connection are performing a most valuable work in that field, but are handicapped by their inability regularly to obtain comprehensive and well-authenticated information from industry and commerce and by the lack of instrumentalities in many of the States and municipalities to gather and report such facts to a central governmental agency which could tabulate and present the actual status of employment and unemployment throughout the entire country.

The steady improvement which has taken place during the past two months has brought the committee to the conclusion that the survey presented to Congress early in August by the Department of Labor must be revised on the basis of later estimates by that department, the Bureau of Census, and other agencies to determine the present status of unemployment. The latest statistics available indicate that the number of unemployed at this time, measured in terms of the reduction since January, 1920 (20 months ago), in the number of workers on pay rolls, exclusive of agriculture, is not less than 3,700,000 or more than 4,000,000.

REPORT OF THE COMMITTEE ON UNEMPLOYMENT STATISTICS.

[Adopted by the Conference, Oct. 13, 1921.]

It is recommended: 1. That the present practice of the Bureau of Labor Statistics of collecting from manufacturing concerns as of the 15th of each month data concerning the number of employees on pay rolls and the amount of their earnings and of publishing monthly indices of the changes therein be extended to cover transportation, trade, and mining and quarrying.

2. That in getting the data concerning the state of employment in mining and quarrying the Bureau of Labor Statistics collaborate with the U. S. Geological Survey.

3. That in getting data concerning the state of employment in railroad transportation the Bureau of Labor Statistics collaborate with the Interstate Commerce Commission.

4. That where competent, reliable, State bureaus of labor statistics exist or become established, like the Massachusetts and New York bureaus, the Bureau of Labor Statistics collect through such bureaus within such States instead of collecting directly from the establishments.

The object of the fourth recommendation is to encourage the several States who have not already done so to establish competent bureaus of labor and industrial statistics, to bring about uniformity in the character of statistics collected and the method of collecting them, to collect data from the largest practicable number of establishments, and to prevent duplication of work and duplication of demands upon business establishments by National and State agencies. For instance, one correspondent to whom the questionnaire in Appendix H was sent for test purposes replied that at that very moment his company was in the throes of filling out three other unemployment questionnaires and he had not the heart to foist a fourth upon them at that time.

The committee feels that while the above recommended extension of present statistical practice would be a considerable improvement, it nevertheless leaves large gaps in the statistical information concerning the state of employment, particularly with reference to the degree of part-time employment. In view of the fact that all agencies recognize the desirability of improving and perfecting our statistical service, the committee recommends that an Interdepartmental Committee be constituted to consider means of extending and improving employment and unemployment statistics and of coordinating the informational service of local, State, and Federal agencies.

The Committee on Unemployment Statistics submits for the consideration of such a body two tentative questionnaires dealing with this subject.

Appendix I is a questionnaire designed with a view to measuring the degree of part-time employment as well as of changes in pay-roll numbers; also measuring the average rates of wages per hour and the average earnings of employees per week.

Appendix J. This questionnaire and this report form go further and deal with the time, earning capacity, and productive capacity that are lost through absenteeism and the various causes of loss of time within the factory work hours.

NOTE.

The first step in meeting the emergency of unemployment intelligently is to know its extent and character, yet this conference finds itself without the data even for an accurate estimate of the number out of work; nor is this the first occasion when public conferences have been embarrassed by such a lack of necessary facts.

Special surveys, such as those made by the U. S. Employment Service in January and again in September, 1921, are unsatisfactory for several reasons: (1) By virtue of their very character they can not be carried on at monthly intervals, whereas there is need for a monthly measurement of the state of employment; (2) they take no account of that unemployment that takes the form of part-time employment, a form that is important in every depression and in every slack season and is being more and more extensively adopted as a policy at such times; (3) inspection of the returns reveals a large amount of reporting over the telephone and, as evidenced in the reporting of round numbers, in some cases of very round numbers, of reporting from vague and unverified memory, so that the results are open to the suspicion that they contain a large element of impressionism.

Unemployment indices based on a regularly monthly comparison of the number of employees and their earnings as shown by the pay rolls of identical establishments in a mailing list that is large enough and well enough distributed among the various industries, among large, small, and intermediate establishments, and geographically to constitute a fair sample, are more dependable and satisfactory. Even these statistics are gathered by only two or three States. The chief defects of existing indices, such as those published by the U. S. Bureau of Labor Statistics and the Massachusetts and New York bureaus, are:

1. They are confined to manufacturing and mechanical industries. They should be extended to include all forms of transportation, trade, and mining and quarrying.

2. They entirely ignore part-time employment.

3. They make no attempt at a statistical measurement of the changes in average wage and salary rates, and therefore afford no satisfactory basis for statistically estimating the wage losses in cyclical and seasonal depressions, particularly where there is a change from one level to another.

It appears that it is not practical in the immediate future to collect the data necessary to measure the degree of part-time employment or to measure the average wage and salary rates. The committee, therefore, adopts two courses, viz:

1. It recommends the kind of statistical service that is immediately practicable.

2. It recommends for consideration a more extensive and complex statistical service that it considers to be highly desirable and the constitution of an Interdepartmental Committee to consider means of extending and improving employment statistics.

APPENDIXES H, I, J.—QUESTIONNAIRES RELATING TO UNEMPLOYMENT.

APPENDIX H.

This is a questionnaire form the purpose of which is to collect data on the basis of which the following important averages and indices can be directly computed:

1. The average daily attendance during one week out of each month.
2. The percentage or index of change in the number of employees on the pay rolls month by month. This can be shown (a) Industry by industry; (b) region by region; (c) for the Nation as a whole.
3. The degree of part-time employment month by month of those who remain on pay rolls; this can be shown industry by industry, etc.
4. The average rates of wages and salaries each month and the average weekly earnings of employees, also industry by industry, etc.
5. Such other data as may also be deemed useful for statistical purposes.

The form shown is applicable to manufacturing plants. A suitable change of wording will adapt it to any class of industries.

REPORT OF NUMBER OF EMPLOYEES HOURS WORKED AND EMPLOYEES' EARNINGS
DURING THE PAYROLL WEEK ENDED _____ 192__.

Name of reporting establishment, _____

Address, _____

Kinds of products, _____

How many hours constitute a full regular working week? _____ hrs.

How many employees worked a part or all of

Monday? _____	Friday? _____
Tuesday? _____	Saturday? _____
Wednesday? _____	Sunday? _____
Thursday? _____	

What was the total number of man-hours worked by all employees during this payroll week? _____

What was the number of overtime man-hours worked by all employees during this payroll week? _____

What was the total earnings paid to all employees for the work done by them during this week? \$ _____

What was the total overtime earnings paid to all employees for overtime work done by them during this week? \$ _____

How many direct workers worked a part or all of

Monday? _____	Friday? _____
Tuesday? _____	Saturday? _____
Wednesday? _____	Sunday? _____
Thursday? _____	

What was the total number of man-hours worked by direct workers during this pay roll week? _____

What was the number of overtime man-hours worked by direct workers during this payroll week?-----

What was the total earnings paid to direct workers for all work done by them during this week?-----

What was the overtime earnings paid to direct workers for overtime work done by them during this week?-----

Definitions and instructions.

APPENDIX I.

This questionnaire and the accompanying summary report are designed, primarily, for the use of any business establishment in the collection and summarization of operating data for its own guidance. This is its chief and great value. It is not necessarily an instrument for the collection of statistics from such establishments by a governmental agency, although were such statistics gathered they would furnish the most complete data concerning the state of employment and also highly illuminating information concerning the effectiveness, the planning, and administration of industrial work.

The idea of this questionnaire is this: Unemployment is not confined to those who are thrown off pay rolls in times of cyclical and seasonal depressions and otherwise. Absenteeism represents another important kind of unemployment. However, even if there were no depressions, no discharges, and no absenteeism, even if every employee were at his place of work every minute of every workday throughout the year, there will still be found a very considerable amount of unemployment of these employees during working hours. Sections of workers run out of work because of the failure of work to come through the preceding operation rapidly enough or because of the lack of some necessary materials; they are held idle while waiting for instructions; they are interrupted by the breakage of all available tools, by belt failures, by the breakdown or maladjustment of machines, by the power going off, and so on and so on.

All this idleness represents waste of productive capacity, waste of overhead expense, whether the affected workers are pieceworkers or time-workers. If they are pieceworkers their earnings are obviously affected. If they are time-workers their wages during such idleness represents additional money loss to the employers. How great all these losses are no one appreciates until he sets out to record and measure them. When this is done, most employers will be astonished at their aggregate extent. When the employer comes to know how frequent and how great such losses are, he will turn his attention to devising means of eliminating them. Thus, the instruments here suggested are instruments which will stimulate the study of the planning and administration of industrial work and devices to improve these.

UNEMPLOYMENT SCORE DATA SHEET.

[Per T. W. Mitchell, Oct. 2, 1921.]

Period covered, from..... to..... 192..

Name of concern.....

Address.....

Kinds of products.....

1. How many hours constitute a full regular working week?..... hours.

2. How many persons were in your employ and how many employees actually worked a part or all of

	Number in your employ?	Number who worked?	
Monday?
Tuesday?
Wednesday?
Thursday?
Friday?
Saturday?
Sunday?

NOTE.—These days are not all in the same calendar week unless your pay-roll week is the calendar week.

3. What was the total number of man-hours worked by all employees during this period.

A—In regular working hours?..... hrs. B—In overtime?..... hrs.

4. What was the total number of potential man-hours lost by your employees during this week in the following forms?

A—Absenteeism?..... hours	(1) Sickness..... hours
	(2) Accidents..... "
	(3) Home conditions..... "
	(4) Alcoholics and drugs..... "
	(5) Weather conditions..... "
	(6) Personal business, including jury duty..... "
	(7) Recognized holidays..... "
	(8) Vacations, regular..... "
	(9) Tardiness..... "
	(10) All other..... "

B—Lay-offs?..... hours 1—Due to orders?..... hrs. a—Inadequate volume?..... hours

b—Lack of standardization?..... "

c—Uneven flow of orders?..... "

d—All others?..... "

2—Due to lack of materials..... hrs. a—Broken promises of mfr..... hours

b—Transportation delays..... "

c—Errors..... "

d—Seasonal (as in canneries)..... "

e—Market shortage..... hours

f—Finance..... "

g—All other..... "

3—Due to uneven flow of work..... hours

4—Due to failure of belts..... hours

5—Due to broken machines..... hours

6—Due to maladjustment of machines..... hours

7—Due to preparation of machines..... hours

8—Due to stock-taking of machines..... hours

9—Due to disciplinary lay-offs..... hours

5. What was the total number of potential man-hours that were lost in A—Strikes?..... hours B—Stoppages of work?..... hours

6. What was the total number of man-hours reported above as "worked" that were lost in the form of A—Waiting for work?..... hours (1) Due to bad planning?..... hours

(2) Due to labor shortage?..... hours

B—Waiting for tools?..... hours

C—Waiting for instructions..... hours

D—Labor policy (shop meetings, etc.)..... hours

E—Equipment conditions..... hours (1) Belting..... hours

(2) Broken parts..... "

(3) Poor adjustment..... "

(4) Power failures..... "

(5) Intro. of machinery..... "

(6) Fires..... "

(7) All other..... "

F—All other..... hours

APPENDIX J.

UNEMPLOYMENT SCORE CARD.

Name of Concern..... Dept. or Group.....

Address.....

Kind of business.....

Period covered from..... to.....

The figures given should (need not) be considered confidential.

NOTE.—The purpose of this Unemployment Score is to develop a standardized instrument and a method for accurately measuring the degree of "Unemployment within Employment;" i. e., the percentage of the time a concern's employees should

be working that is "wasted" through one cause or another. The items and percentages given are merely by way of illustration and suggestion. If you think the keeping of such a score would be valuable, will you cooperate in its practical development by sending one copy, filled out for your company as far as available data permit, together with suggestions for additions or changes, to Morris L. Cooke, Chairman Taylor Society Committee on Research, 1109 Finance Bldg., Phila., Pa.

PRODUCTIVE TIME (64%)%	A. Orders (12%)%	1. Inadequate volume (8%)	(Cyclical Fluctuations.)
		2. Lack Standardization (1%)	(Seasonal Fluctuations.)
		3. Uneven flow of orders (0%)	(Bad Salesmanship.)
		4.	
		5.	
	B. Lack of Materials (8%)%	6. All other (3%)	
		1. Broken promise of mfr. (2%)	(Chargeable to Qua.)
		2. Transportation delays (1%)	(Purchasing Spec.)
		3. Errors (3%)	(Storekeeping Sch.)
		4. Seasonal as with canneries. (0%)	(Gang Boss.. Drafting Room.... Foreman....)
UNEMPLOYED TIME (36%)%	C. Absenteeism (6%)%	5. Market Shortage	
		6. Finance	
		7. All other (2%)	
		1. Sickness (3%)	(Colds.....)
		2. Accidents	(Contagious..)
	D. Equipment (2%)%	3. Home Conditions (1%)	(Chronic....)
		4. Recognized holidays (0%)	
		5. Liquor (1%)	
		6. Weather (0%)	
		7. Tardiness (1%)	
	E. Factory Administration (8%)%	8. Prsnl. bus. incl. jury duty (0%)	
		9. Vacations regular (0%)	
		10.	
		11.	
		12. All other (1%)	
		1. Belting (1%)	
		2. Broken Parts (0%)	
		3. Poor Adjustment (1%)	
		4. Power Failure (0%)	
		5. Intro. of Machines (0%)	
TOTALS 100%		6. Fires	
		7.	
		8. All other (1%)	
		1. Strks. & lbr. stoppages (1%)	(Order of work)
		2. Lock-outs (0%)	(Routing.....)
		3. Bad planning (4%)	(Delay getting into work)
		4. Stocktaking (0%)	(Tools or jigs not ready)
		5. Disciplinary lay-offs (1%)	
		6. Labor policy (1%)	
		7. Sales—Factory maladjustment (2%)	
		8. Abs. of Standard Times (3%)	
		9. Labor Shortage	
		10. All other (1%)	
	%	

**EXTRACT FROM THE STENOGRAPHIC REPORT OF THE
CONFERENCE ON UNEMPLOYMENT, SESSION OF OCTO-
BER 13, 1921, RELATING TO UNEMPLOYMENT STA-
TISTICS.**

Mr. DEFREES. This is a unanimous report of the Committee on Unemployment Statistics, and I move its acceptance and adoption. The motion was duly seconded.

The CHAIRMAN. (Mr. Hoover). The report of the committee is intended to be merely helpful in presenting methods of gathering information and to give more adequate support to the matter of unemployment statistics. I would, personally, like to see the committee inject one more idea into its report, and that is that the Department of Labor needs more financial support from Congress in order to enable it to do a service which that Department so much desires to execute.

Mr. WOLL. If there be no objection, Mr. Chairman, I move that that suggestion be incorporated into the report.

The CHAIRMAN. (Mr. Hoover). If there be no objection, we will consider it incorporated in the report of the committee, that the Department needs more substantial financial support. They have been starved, indeed, in their efforts to do the work which they have undertaken.

The pending motion was thereupon put and unanimously carried.

**PUBLIC HEARING ON UNEMPLOYMENT STATISTICS,
SEPTEMBER 27, 1921.**

Mr. Robinson (presiding) called attention to the fact that there is no adequate machinery for getting definite statistics on the subject of unemployment. All available machinery is being used, but there have been a great many loose statements regarding the extent of unemployment. The endeavor of the Committee on Unemployment Statistics is not to arrive at a definitely accurate figure, but to get sound information which can be used to determine an approximately accurate estimate.

UNEMPLOYMENT IN MASSACHUSETTS.

The first witness examined was Mr. Roswell F. Phelps, Director of Statistics, Department of Labor and Statistics of the State of Massachusetts.

Mr. Phelps stated that in his State an annual census has been taken each year for some 39 years of the manufacturing establishments, giving monthly information with reference to the number of people employed. Comparison between the present time and 1914, which

may be considered our last normal year, indicates that some industries are now actually employing more people than in 1914. This does not apply to all industries, nor does it apply to all industries taken together as an aggregate, but it does apply to certain leading industries of the State. Unemployment in large establishments is greater than in small establishments.

Mr. Phelps further stated that distribution of the employed in Massachusetts at present varies from the distribution of normal times. People are still trying to maintain their positions in the new industries they selected during the war. Unemployment is not altogether due to lack of work, but partly to lack of work at the wages which people insist on receiving. The Public Employment Office in Massachusetts is now receiving 13 applications for every position offered, as contrasted with the peak of 36 applications to one position in May. One reason for this is that people now, after exhausting their resources, are willing to take a position, so that it is possible to fill more positions than in last May. The number of placements is rapidly increasing.

In reply to a question from Mr. Woll, Mr. Phelps stated that wages in Boston range from 40 to 45 cents an hour for unskilled labor, as compared with 60 to 65 cents during the war. He believed that unemployment in some measure is due to refusal to accept the low wages now offered. This does not apply to many of the unskilled men, some of whom are working; but a large number of the working population have not yet reached the point where they are compelled to accept the class of work they do not desire.

A special survey, made last December by Mr. Phelps's department, at the request of the Governor of Massachusetts, disclosed that 36 per cent of the employees in the textile industry were out of work for full time. Large numbers also worked part time, so that the total time worked by employees in 130 establishments was 57.5 per cent, the aggregate full-time employment during the week of maximum employment in December, 1920. The same investigation showed 41 per cent unemployed in the boot and shoe industry, 18.5 per cent in the metal industry, 48.8 per cent in the leather industry. According to some recent surveys, present conditions are far better. Aside from the metal trades, no other industry now has more than 25 to 30 per cent of unemployment. A large number of textile factories are working nights. Boot and shoe factories are increasing their forces and also the number of hours of operation per week. Conditions were worse in May than in December, but are now improving.

In reply to questions from Mr. Young and Mr. Doten, Mr. Phelps further stated that his estimate of reduction in total employment in Massachusetts since January, 1920, was between 20 and 25 per cent.

The statistical service of Mr. Phelps's office does not, however, include wholesale and retail trades.

In reply to further questions, Mr. Phelps stated that following the depression of 1908 his bureau commenced obtaining unemployment statistics from secretaries of trades' unions, until now 75 per cent of the total organized labor of the State is covered by these returns, which Mr. Phelps believed to be accurate as a general index of conditions and which have been found to agree substantially with some statistics received from employers. On the basis of these returns the situation to-day is similar to 1914-15; the trend of the curve is almost identical.

MEMBERS OF ECONOMIC ADVISORY COMMITTEE.

William S. Rossiter, Chairman.

John B. Andrews.

George E. Barnett.

Ernest S. Bradford.

Bailey B. Burritt.

Henry S. Dennison.

Davis R. Dewey.

Carroll W. Doten.

Edwin F. Gay.

Clyde L. King.

Sam A. Lewisohn.

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EXCERPTS FROM REPORT OF THE ECONOMIC ADVISORY COMMITTEE RELATIVE TO UNEMPLOYMENT STATISTICS, SEPTEMBER 26, 1921.

[As submitted to the Committee on Unemployment Statistics.]

I. SUMMARY OF RESULTS.

1. The best available evidence indicates that the number of persons out of work in the United States in the early part of September, 1921, exclusive of those on farms, was possibly as large as 3,500,000, although more probably somewhat less than that number. In weighing the significance of these figures it should be remembered that in some trades work is normally slack at this season of the year, and that even in the busiest seasons of prosperous years some workers do not have constant employment. The bulk of the present volume of unemployment, however, is directly attributable to industrial depression.

2. This estimate does not take account of the extent to which in many industries full-time employment has been replaced by part-time unemployment, with an accompanying reduction of family incomes. On the other hand, the estimate does not take into account the extent to which some of the unemployed can draw upon accumulated savings or rely upon other means of support.

3. We estimate that in manufacturing and mechanical pursuits (including the building trades), mining, and railroad transporta-

tion, the number of names on pay rolls decreased between January, 1920, and September, 1921, as follows:

	Employed January, 1920.	Employed Sept. 1, 1921.	Per cent decrease.
Manufacturing and mechanical pursuits (including the building trades)	12,000,000	9,250,000	23
Mining.....	1,090,000	860,000	23
Railroad transportation.....	2,100,000	1,655,000	21

4. It is impossible to predict the extent to which unemployment will increase or decrease during the coming winter. The effects of the possible improvement in business conditions may be offset in whole or in part by the normal increase of seasonal unemployment in certain industries. By most indications, however, the situation promises to be even more serious than was encountered in the winter of 1907-8 or 1914-15. In short, unemployment now presents a problem of grave, although not necessarily of unmanageable, proportions.

II. THE NUMBER OF UNEMPLOYED IN AMERICAN CITIES IN SEPTEMBER, 1921.

THE CHARACTER OF THE INVESTIGATION AND THE MEANING OF ITS RESULTS.

1. THE METHOD OF THE INVESTIGATION.

The figures used are the results of a special investigation into unemployment in 280 American cities in September, 1921, made by the Employment Service of the U. S. Department of Labor. In January, 1921, a similar investigation was made covering 182 cities. We assume that the explanation made in the Industrial Employment Survey Bulletin for January, 1921, respecting the method of the earlier investigation and the meaning of the figures furnished also applies to the more comprehensive investigation made in September. This explanation is as follows:

The data herein offered have been collected by nine district directors of the service, one located in each of the nine geographical divisions of the country. These data have been based on the consensus of figures from neutral bodies, State labor departments, State commissioners of manufactures, State and municipal employment services, workmen's compensation bureaus, employers' and employees' organizations, and all other sources competent to furnish authoritative information. Such information has been checked or confirmed by consultation with other authorities in order that judgment might be formed as to the accuracy of figures. Every care has been exercised to minimize error or bias incident to a rapid survey.

2. THE TRUSTWORTHINESS OF THE DATA.

An analysis shows that the figures both in the published bulletin for January and the mimeographed sheets which report the results of the September investigation contain minor errors,¹ and in a few cases the number reported is almost incredibly large in proportion to the population.²

Notwithstanding these defects, incidental to the speed with which an elaborate investigation was made in response to a special request, we believe that these data from the U. S. Employment Service afford the best available basis for estimating the number of persons out of work in American cities and towns in September, 1921.

GENERAL RESULTS DERIVED FROM THE INVESTIGATION.

1. THE NUMBER OF UNEMPLOYED.

The total number of the unemployed in September, 1921, in the 280 cities from which reports were secured is 2,301,588. The distribution of the unemployed by geographical sections is as follows:

District.	Population of cities covered (1920).	Number reported unemployed.	Per cent of population unemployed.
New England.....	3,900,366	288,789	7.4
Middle Atlantic States.....	11,728,637	974,695	8.3
East North Central States.....	8,198,971	568,158	6.9
West North Central States.....	2,981,322	138,340	4.6
South Atlantic States.....	2,897,408	114,417	3.9
East South Central States.....	1,115,836	65,645	5.9
West South Central States.....	1,389,702	52,573	3.8
Mountain States.....	753,427	27,254	3.6
Pacific States.....	2,463,519	71,717	2.9
Total.....	35,431,178	2,301,588	6.5

¹ For example, in September, Chicopee, Mass., is omitted from the list of cities; but recomputation shows that its population and its number of unemployed are included in the totals. There are some small errors in the population ascribed to towns or districts. So far as they have been detected these have been corrected.

² For example, 1,595 persons are reported as unemployed in Springfield, Vt., and 12,748 in Rock Island, Ill. These numbers are, respectively, 30.4 per cent of the total population (5,283) of Springfield in 1920 and 36.2 per cent of the total population (35,177) of Rock Island in the same year. We have no statistics of the number of persons having gainful occupations in either Springfield or Rock Island, but the census figures show that in such industrial centers as Birmingham, Bridgeport, Hartford, Wilmington, Fall River, Lowell, and Worcester, the total number of persons having gainful occupations—including all persons working on their own account—runs between 44 per cent and 48 per cent of the total population. It is improbable that the unemployed should exceed 30 per cent of the population even in extreme cases.

2. THE DISTRIBUTION OF THE UNEMPLOYED BY INDUSTRIES.

	Number unemployed.	Percent of total for all industries.		Number unemployed.	Percent of total for all industries.
Food and kindred products.....	48,042	2.1	Stone, clay, and glass products.	38,649	1.7
Textiles and their products.....	198,374	8.6	Metals and metal products other than iron and steel.....	134,271	5.8
Iron and steel and their products.....	503,061	21.9	Tobacco products.....	18,804	.8
Lumber and its manufactures.	65,606	2.9	Vehicles and land transportation.....	57,441	2.5
Leather and its finished products.....	43,041	1.9	Railroad repair shops.....	85,471	3.7
Paper and printing.....	46,370	2.0	Miscellaneous industries.....	768,513	33.4
Building trades.....	244,775	10.6			
Chemicals and allied products.	49,080	2.1	Total.....	2,901,588	100.0

3. THE INCREASE IN THE NUMBERS OF THE UNEMPLOYED SINCE JANUARY.

For 173 cities the number unemployed is reported for both January and September, 1921. The population of these 173 cities in 1920 was 32,403,607. The numbers unemployed according to the two investigations and the per cents these numbers make of the total population are as follows:

	Number unemployed.	Per cent of population (1920).
January, 1921.....	1,776,930	5.5
September, 1921.....	2,117,652	6.5
Increase.....	340,722	1.0

Unless the reports of the number unemployed in September were considerably more complete than the January reports a good deal of weight may be attached to one important inference from these figures, namely, that between January and September the number of unemployed in the 173 cities increased by 19 per cent.

4. THE INCREASE OF THE NUMBERS OF THE UNEMPLOYED BY GEOGRAPHICAL DISTRICTS.

Cities, covered by both investigations.

	Number.	Population (1920).	Unemployed.		Per cent unemployed.	
			September.	January.	September.	January.
New England.....	28	3,319,800	246,512	238,156	7.4	7.2
Middle Atlantic.....	33	11,728,637	974,695	577,743	8.3	4.9
East North Central.....	25	7,616,478	517,049	587,803	6.8	7.5
West North Central.....	12	2,325,932	111,025	136,197	4.8	5.9
South Atlantic.....	7	1,775,243	56,580	77,392	3.2	4.4
East South Central.....	15	1,072,553	69,965	41,335	6.0	3.9
West South Central.....	15	1,345,828	48,825	51,600	3.6	2.3
Mountain.....	22	755,427	27,254	23,714	3.6	3.1
Pacific.....	16	2,463,519	71,717	62,800	2.9	2.6
Total.....	173	32,403,607	2,117,652	1,776,930	6.5	5.5

5. AN ESTIMATE OF THE TOTAL NUMBER OF UNEMPLOYED PERSONS IN THE CITIES AND TOWNS OF THE UNITED STATES, SEPTEMBER, 1921.

Before drawing larger inferences from the results of the special investigation made by the U. S. Employment Service the degree in which the data are representative of conditions in the cities and towns of the country as a whole must be considered. Is the population covered by the reports so distributed as to give undue weight to districts in which unemployment is greater than in the country as a whole? An answer to this question is accorded by the following table, in which the geographical distribution of the urban population of the United States—that is, the population residing in places having 2,500 inhabitants or more—is compared with the distribution of the population of the cities and towns for which the number of unemployed persons is reported:

District.	Per cent of urban population of United States.	Per cent of population covered by investigation.	Per cent unemployed.	District.	Per cent of urban population of United States.	Per cent of population covered by investigation.	Per cent unemployed.
New England.....	11	11	7.4	West South Central....	5	4	3.8
Middle Atlantic.....	31	33	8.3	Mountain.....	2	2	3.6
East North Central....	24	23	6.9	Pacific.....	6	7	2.9
West North Central....	9	8	4.6				
South Atlantic.....	8	8	3.9	Total.....	100	100	6.5
East South Central....	4	3	5.9				

A comparison of the first two columns of the table shows that the population from which the reports of persons unemployed are drawn is geographically a very good sample of the urban population of the country. For this reason the wide variation of the per cents shown in the third column does not stand in the way of using these results as the basis of an estimate of the total number of unemployed in the cities and towns of the country.

But another difficulty remains. The reports come from "industrial towns." Unemployment is unquestionably slighter in the rural communities than in the cities and probably less serious in commercial than in industrial communities. If unemployed persons are 6.5 per cent of the population of the 280 selected cities covered by the investigation, less than 6.5 per cent of the total population of the cities and towns of the country must be unemployed. Just how much less is uncertain, but upper and lower limits to such an estimate may be set down with a fair degree of confidence. The following estimate falls within these upper and lower limits:

	Assumed percentage ratio of unemployed to population.	Population, 1920.	Estimated number of unemployed September, 1921.
Place of 2,500 and over.....	6.0	54,304,603	3,258,000
Incorporated places of less than 2,500.....	2.5	8,969,241	242,000
Total.....	5.5	63,273,844	3,500,000

The assumptions involved in this estimate are made clearer by putting it in the following form, which involves only a negligible change in the net result:

	Assumed percentage ratio of unemployed to population.	Population, 1920.	Estimated number of unemployed September, 1921.
Places covered by report.....	6.5	35,304,603	2,302,000
Other places of 2,500 and over.....	5.0	18,873,425	944,000
Incorporated places of less than 2,500.....	2.5	8,969,241	242,000
Total.....	5.5	63,273,844	3,488,000

In our opinion the figure of 3,500,000 for the number of unemployed persons in the United States in September, 1921, not on farms, is more likely to err by way of excess than of deficiency. It could not be as large as 4,000,000, for example, unless unemployed persons were relatively as numerous in other urban communities as in the industrial centers covered by the special investigation, and nearly as numerous, relatively, in small places of less than 2,500 inhabitants. On the other hand, the number could not be as small as 3,000,000 unless the ratio of unemployed to the total population of all the places, of whatever size, not reached by the investigation were as low as 2.5 per cent. Of these two improbable conditions we regard the first—associated with an estimate of 4,000,000—as distinctly further removed from probability.

We conclude, therefore, that the data furnished by the special investigation made by the U. S. Employment Service indicate that while the number of unemployed in the United States, excluding farms, in September, 1921, was probably not more than 3,500,000, it was probably not greatly less than that figure.

III. THE AMOUNT OF UNEMPLOYMENT IN INDUSTRY, TRANSPORTATION, AND MINING.

1. INDICES OF EMPLOYMENT.

Available statistical information makes it possible to construct an estimate of the change in the volume of unemployment since January, 1920. The results reached afford a partial check upon

the estimate we have based on the special investigation of the U. S. Employment Service regarding the number of persons unemployed in September, 1921. The available data, however, cover unemployment only in the fields of manufacturing and mechanical pursuits (including the building trades), mining, and transportation.

In estimating the relative change in employment in manufacturing and mechanical pursuits between January, 1920, and the late summer of 1921 we have relied mainly upon three well-established statistical series. Two of these indicate the number of employed in successive months in manufacturing and other establishments. One of these two, running back to 1915, is compiled by the U. S. Bureau of Labor Statistics, the other, which begins with 1914, by the New York State Industrial Commission. Fortunately, these two series are in large measure independent, for although establishments in the State of New York are, as a matter of course, covered by the U. S. Bureau of Labor Statistics series, the employees in such establishment constitute only about 12 per cent of the total number of employees in all the establishments covered by the series.

The third series, compiled by the Massachusetts Bureau of Statistics, is of a different nature. It shows the per cents unemployed in the membership of Massachusetts trade-unions as reported at the end of each quarter by union secretaries. It is quite possible that these trade-union reports do not accurately represent the degree of severity of unemployment in the State at any one time. But analysis shows that the relative changes in the per cents reported unemployed are fairly trustworthy indications of the fluctuations of unemployment.

Throughout the period which they cover the three indices which we have selected are in substantial agreement one with another, and they also move consistently with respect to standard indices of business conditions, such as pig-iron production, the volume of bank clearings outside of New York City, etc.³

2. AN ESTIMATE OF THE RELATIVE REDUCTION OF INDUSTRIAL UNEMPLOYMENT SINCE JANUARY, 1920.

1. The index of factory employment in the State of New York dropped from its peak of 123 for January, 1920, to 88.5 in July, 1921, a drop of 34.5 points, or of 28 per cent.

2. The employment index of the U. S. Bureau of Labor Statistics dropped from 106 in January, 1920, to 82 in July, 1921, a drop of 24 points, or of about 23 per cent.

³ Here, as at other points, we have relied upon the unpublished results of investigations made by W. A. Berridge for the Harvard University Committee on Economic Research.

3. In Massachusetts the per cent reported unemployed (for causes other than labor disputes and disability) was 4.1 on December 31, 1919. A year later the corresponding per cent was 29.9, an increase of 25.8 points. These figures indicate that the per cent of union membership employed was approximately 96 on December 31, 1919, and 70 a year later, a drop of 26 points, or of about 27 per cent. During the first half of 1921, however, the situation in Massachusetts, as indicated by the actual per cents unemployed, improved. But the Massachusetts figures, to a much larger extent than the two other indices, are subject to seasonal fluctuations. To afford a fair comparison with these other series, the effect of these seasonal fluctuations should be eliminated. Applying correcting factors derived from the analysis of the Massachusetts returns from 1908 to 1919, it appears that at the end of June, 1921, unemployment chargeable to industrial depression was larger by about 4 per cent than in the preceding December.

That indicates a drop in employment of about 31 per cent between the beginning of 1920 and the middle of 1921. When differences in the weighting of the industries represented in the returns are taken into account, this result appears to be in substantial agreement with the index of employment in the State of New York.

4. Another important series—the industrial employment survey of the U. S. Employment Service—gives results that differ rather widely from those indicated by the other series. For the year 1920 it shows a drop in employment of 37 per cent, and a further drop of 7 per cent is shown in the ensuing six months. This survey was not begun until December, 1920, although figures were secured for the preceding January. Its scope is such as to suggest that it may in time come to be the most useful and trustworthy index of employment that we have. But it has not as yet been tested and analyzed as have the three other series we have mentioned. Inspection suggests, however, that possibly it gives too much weight to industries and districts in which unemployment is particularly severe. The drop in employment is shown for the period since January, 1920, is not only out of line with the results of the three other indices, which agree fairly well one with another, but is very difficult to reconcile with the results of the special investigations by the U. S. Employment Service of the numbers of unemployed persons in September, 1921, which we have analyzed above. For these reasons we have not felt that we would be justified in including this series among the bases of our estimates.

5. It will be noted that both the New York and the Massachusetts series indicate a larger decline in employment since January, 1921, than does the U. S. Bureau of Labor Statistics index. Other information is to the effect that unemployment has been more severe in New

England and New York than in many other sections of the country. But the available data indicate some degree of uniformity in the degree to which representative establishments in a given industry, wherever located, are affected by unemployment.

We have therefore taken indices for separate industries from the New York and the U. S. Bureau of Labor Statistics series and have combined them by using weights based roughly upon the relative numbers of wage earners in these industries reported by the Census of Manufacturers of 1914. The resulting index of employment is 80 for January, 1921, and 74 for July, 1921, taking employment in January, 1920, as 100. This means, in other words, that between January, 1920, and July, 1921, industrial employment decreased by 26 per cent. We regard this as the best estimate we can reach on the basis of available materials.

6. In the foregoing estimate the decrease of unemployment since January, 1921, is brought down only to the middle of the year. There is some evidence, however, that the estimate is as applicable to September as to July, or, in other words, that the net change in employment since July has been small. Gains in some industries have offset losses in others.

(a) The investigation made in September by the U. S. Employment Service indicates that the number of unemployed in 173 cities was greater by about a fifth in September than in January. This corresponds closely to the decrease in industrial employment during the first half of the year, as shown by the indices we have been studying.

(b) In response to a telegraphic inquiry sent out by the Secretary of Commerce on September 10 replies have been received from 139 firms. All the important manufacturing industries are represented in this list, which also includes five large retail stores.

There were 879,315 employees on the pay rolls of these firms in January, 1921. September figures were called for, but in a very considerable number of cases they could not be supplied, and those for the previous months were given. The net decrease in employment was 102,103, or 11.6 per cent. The list includes 30 shipyards, in which employment has decreased by 63 per cent. If these are left out of account, the figures for other manufacturing lines and retail trade would be as follows: Number on pay roll, January, 1921, 782,916; September, 1921, 741,753; a reduction of 41,164, or 5.3 per cent.

3. THE TOTAL VOLUME OF INDUSTRIAL UNEMPLOYMENT.

Through the courtesy of the Director of the Census we have been furnished preliminary tabulations of the general results of the occupational inquiry made in connection with the Census of Popu-

lation of 1920. The number engaged in manufacturing and mechanical industries could be furnished for only 24 States, but these States constitute a fair geographical and industrial sample of the country as a whole. Assuming that the 24 States contained about the same proportion of the total number of persons occupied in manufacturing and mechanical industries in 1920 as they did in 1910 and making deductions on account of the self-employed, we estimate that the total number of employed in such occupations in January, 1920, was approximately 12,000,000. Accepting 26 per cent as the best estimate of the reported decline of employment in leading industries since January, 1920, should we conclude that the total reduction in the number of names on all industrial pay rolls has been 26 per cent of 12,000,000, or 3,112,000?

It should be observed, first, that not all of these 12,000,000 names were actually on pay rolls, even in the peak month of January, 1920. Second, many of this number were employed, not in "industries," but in small local establishments which in the aggregate are probably less affected by cycles of unemployment than are the highly specialized great industries. Very certainly the decline of industrial employment (measured by the reduction of pay rolls) has been less than 3,000,000.

It may, perhaps, be hazardous to assume that it has been more than 2,500,000. We are fairly confident that 2,750,000 is a maximum figure.

4. UNEMPLOYMENT IN MINING.

The following table is constructed from data furnished by the U. S. Geological Survey and the U. S. Bureau of Mines. For anthracite and bituminous coal and for petroleum and natural gas employment in August instead of January, 1920, serves as the basis of the comparison. The estimate for metal mines and quarries is subject to an uncertain and possibly large margin of error.

	Employed, 1920.	Employed, August, 1921.	Increase (+) or decrease (-).	Per cent increase or decrease.
Anthracite coal.....	153,000	162,000	+ 9,000	+ 6
Bituminous coal.....	640,000	500,000	-160,000	-22
Petroleum and natural gas.....	100,000	81,000	- 19,000	-19
Metal mines and quarries.....	200,000	120,000	- 80,000	-40
Total.....	1,093,000	863,000	250,000	-23

5. UNEMPLOYMENT ON STEAM RAILROADS.

The Interstate Commerce Commission secures statistics of the number of persons employed on class 1 steam roads. In the following statement these figures have been increased by 5 per cent to allow

for changes in employment on smaller steam railroads: Employed January, 1920, 2,100,000; employed June, 1921, 1,655,000; decrease in employment, 445,000 (per cent decrease, 21.2).

IV. GENERAL CONCLUSIONS.

We conclude that the total number of names on pay rolls in manufacturing (including the building trades), mining, and railway transportation has been reduced by possibly as much as 3,500,000, but that in all probability the reduction has been no more than that. This figure happens to coincide with the figure we think to be a maximum estimate of the number of unemployed persons in the country, with the exception of those on farms, as indicated by the special investigation of the U. S. Employment Service.

But this latter estimate includes persons formerly occupied in ways not covered by our estimates of the reduction of employment. Wholesale and retail trade, personal and domestic service, and important classes of transportation, for example, are not included in those estimates. The conclusion must be that industrial unemployment, as measured by the reduction of pay rolls, is considerably larger than personal unemployment, as measured by the number of persons out of work. It is obvious that in the nature of things such must inevitably be the case.

In periods of business prosperity many persons who at other times are not "gainfully occupied" are drawn into money-yielding employments; in periods of depression they leave them. Moreover, in periods of business prosperity many employees change to the more rapidly expanding and better-paid employments; in periods of depression they return to occupations less dependent on the general state of business conditions. Again, in periods of prosperity many persons move from the small towns and the farms of the country to the industrial and commercial centers. In periods of depression there is likely to be a very considerable return movement.

In short, some considerable part of the industrial unemployment indicated by the decrease in the names on pay rolls is absorbed through the return of workers to their former occupations or to their families or through their finding new ways of supporting themselves.

The month of January, 1920, which we have used as a base in our estimates of the drop in industrial employment was, in most industries, a "peak month." Undoubtedly many persons were then employed who had been attracted into prosperous industries from "nongainful" occupations. Yet the fact that census returns show that the proportion of the population over 10 years of age engaged in "gainful occupations" was smaller than at previous censuses

(50.3 per cent as against, for example, 53.3 per cent in 1910) suggests that the abnormal size of pay rolls in January, 1920, was due in large measure to the drafting of workers from other money-paying occupations. In a similar way the reduction of industrial employment involves a shifting of occupations.

Personal unemployment, as distinguished from industrial employment, depends largely upon the extent to which industrial employment is not absorbed in the ways we have indicated.

It is clear that if no more than 3,500,000 names have been dropped from pay rolls in the fields of manufacturing and other mechanical pursuits, mining, and railroad transportation, since the peak month of January, 1920, it is highly improbable, taking all occupations into account, that more than 3,500,000 persons now remain unemployed, in the sense that they desire and are unable to find work suited to their capacities.

In fact, we are not at all confident that 3,500,000 is not an excessive estimate of the number of unemployed persons in American cities and towns in September, 1921. It is possible that in some cases the figures gathered by the U. S. Employment Service represent what we have called industrial unemployment (the reduction of pay rolls) rather than personal unemployment. But we can not with any confidence go further than to reaffirm our judgment that the number of persons out of work in the United States in the early part of September, 1921, exclusive of those on farms, was possibly as large as 3,500,000, although more probably somewhat less than that number.

Part III.—MUNICIPAL ORGANIZATION AND EMPLOYMENT AGENCIES AND REGISTRATION.

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MUNICIPAL ORGANIZATION.

MEMBERS OF COMMITTEE ON MUNICIPAL ORGANIZATION FOR UNEMPLOYMENT.

Col. Arthur Woods, Chairman.	Wm. M. Leiserson.
Bailey B. Burritt, Executive Secretary.	Bascom Little.
Julius H. Barnes.	Charles P. Neill.
Miss Elizabeth Christman.	Mayor Andrew J. Peters.
Bird S. Coler.	Miss Ida M. Tarbell.
Mayor James Couzens.	Miss Mary Van Kleeck.
Salmon P. Halle.	Matthew J. Woll.
G. E. Haynes.	Clarence M. Woolley.
Allen T. Burns.	Sherman C. Kingsley.
Mrs. John M. Glenn.	

RECOMMENDATIONS FOR MUNICIPAL EMERGENCY MEASURES TO RELIEVE UNEMPLOYMENT.

[Adopted by the Conference, Sept. 29, 1921. Reprinted from Part I.]

The problem of meeting the emergency of unemployment is primarily a community problem. The responsibility for leadership is with the mayor and should be immediately assumed by him.

The basis of organization should be an Emergency Committee representing the various elements in the community. This committee should develop and carry through a community plan for meeting the emergency, using existing agencies and local groups as far as practicable. One immediate step should be to coordinate and establish efficient public employment agencies and to register all those desiring work. It should coordinate the work of the various charitable institutions. Registration for relief should be entirely separate from that for employment.

The personnel of the employment agencies should be selected with consideration to fitness only and should be directed to find the right job for the right man and should actively canvass and organize the community for opportunities for employment. The registry for employment should be surrounded with safeguards and should give priority in employment to residents. Employers should give preference to the emergency employment agencies.

The Emergency Committee should regularly publish the numbers dependent upon them for employment and relief that the community may be apprised of its responsibility. Begging and uncoordinated solicitation of funds should be prevented.

Private houses, hotels, offices, etc., can contribute to the situation by doing their repairs, cleaning, and alterations during the winter instead of waiting until spring, when employment will be more plentiful.

Public construction is better than relief. The municipalities should expand their school, street, sewage, repair work, and public buildings to the fullest possible volume compatible with the existing circumstances. That existing circumstances are favorable is indicated by the fact that over \$700,000,000 of municipal bonds, the largest amount in history, have been sold in 1921. Of these, \$106,000,000 were sold by 333 municipalities in August. Municipalities should give short-time employment the same as other employers.

The governor should unite all State agencies for support of the mayors and, as the superior officer, should insist upon the responsibility of city officials; should do everything compatible with circumstances in expedition of construction of roads, State buildings, etc.

REPORT OF THE COMMITTEE ON MUNICIPAL ORGANIZATION FOR UNEMPLOYMENT.¹

[Made public Oct. 5, 1921. Authorized by the Conference on Sept. 30, 1921.]

Cities and towns must be relied upon for immediate attack upon the emergency created by unemployment. Whatever is done must take place in local communities, and the citizens of such communities are the ones responsible and capable of seeing that the necessary measures are carried out. This but repeats the first principle of American public life, reliance upon local initiative and obligation.

The mayors of cities are the natural and authorized leaders and directors of their communities for all emergencies affecting the public welfare. In the present crisis the mayor should head the effort of each locality and organize the most influential and representative citizens and agencies to handle the local situation. In the interest of speed, order, and effectiveness the chief official of each community should immediately marshal all its resources. The mayor and his organization should furnish such leadership as will enlist the support and utilize the services of all.

The governor of each State as the superior officer of all local officials is urged to call emphatically to the attention of communities and mayors their peculiar responsibility and fitness for handling this unemployment situation.

The methods of accomplishing results must vary with each locality, and no methods capable of universal adoption can with safety be recommended. Therefore, specific recommendations to communities are confined to the very urgent one that, following the leadership of their mayors, with united local committees, they accept this primary obligation to the full.

However, the following suggestions or general principles, based on past experience, are respectfully offered to such communities:

1. The mayor's committee should try to harmonize the operations of all the different agencies which are trying to relieve the situation so as to avoid clashing and wasted effort.
2. The facts of the extent and distribution of unemployment should be in the possession of the committee and should be made available to the public.
3. Each locality should have a public employment bureau.
4. The mayor's committee should try to get the whole community behind the effort to speed up the construction of public improvements. In a period like this there should be the greatest activity in

¹ Public hearings were held on Sept. 27 and Oct. 10 with regard to emergency State and municipal measures and public works. For abstract of these public hearings, see Part IV.

putting up new schools and other needed public buildings and in necessary repairs and improvements in streets, bridges, sewerage, public utilities, parks, and other municipal works.

5. Every effort should be made to provide real work by stimulating industry. Meanwhile each industry should be urged as far as possible to keep together its own force by giving at least part-time employment.

6. In some cities "Spruce-up" campaigns have proved good. In these everyone is urged to do at once whatever is needed in the line of sprucing up his property. This applies both to public and private owners of property, to small householders and flat renters as well as to large companies, hotels, theaters, etc. It should be made clear to all that money spent in this way, stimulating the regular activities of industry, will help to reduce unemployment far more than any other aid.

7. It is important to strengthen and increase the resources of the local family welfare agencies which are best prepared for effective service and to give them vigorous support in order that they may deal promptly and adequately with the needs of families and individuals. The burden of meeting these needs should be borne not by a selected few but by many. Provision should be made for maintaining the usual facilities for the homeless and for the relief of poverty arising from sickness, from widowhood, from mental or physical handicaps, in order that these may not be a complicating factor in the problem of unemployment. Cities that have municipal lodging houses or other adequate provision for the homeless man find that this makes possible differentiating the two problems of the resident and floating unemployed and enforcing regulations against vagrancy and begging.

Consideration should be given to the practicability of keeping children in school as long as possible in order that they may not compete for the insufficient number of jobs, and also that they may profit by additional schooling and the postponement of the beginning of wage earning. It may be found desirable to give scholarships to minors beyond the compulsory school age, and the public schools have provided special vocational training for them, so that the period of unemployment may be used to equip them for better positions.

It must always be remembered that an unemployed person needs work, first and last, and that the community should relax no effort to find work for him, regarding other aid only as a temporary measure to be superseded at the earliest possible moment by work. The community should be able to handle the situation in such a way

as to make bread lines unnecessary. Each community should remember that hunger and want must be relieved, and it should always be prepared to take whatever measures may be needed to prevent human suffering.

We suggest that each city avail itself of the experience of others. The methods of Detroit, Boston, Cleveland, Portland, Oreg., Seattle, Wash., Hartford, New Haven, Conn., Poughkeepsie, Schenectady, and Milwaukee have been brought to the attention of the Conference, and we are certain that the mayors of these and other cities will be glad to answer inquiries.

REPORT OF THE EXECUTIVE SECRETARIES TO THE COMMITTEES OF THE PRESIDENT'S CONFERENCE ON UNEMPLOYMENT, OCTOBER 10, 1921.

[Not acted upon by the Conference.]

The predominant object of the Conference was to recommend and organize measures to meet the emergency situation during the winter. The preliminary recommendations and organization plans have had the following response in the seven days since their issue:

First. Mayors' emergency committees have been created and are actively at work in 31 cities on the lines of the Conference plan of coordination of effort of all sections of the community, with more than a score of other cities reporting that organization is in progress.

Second. Conferences have been held during the past week by the President, Secretary Hoover, and members of the Conference with the heads of the great national industries, including the railways, coal, and shipping, from which have resulted definite steps undertaking to meet the emergency in many practical directions.

Third. The active participation of the great national commercial and employers' associations has been assured in definite organization of their branches throughout the country to assist the mayors and to meet the situation generally. The United States Chamber of Commerce, the National Manufacturers' Association, various regional and State associations have actively entered into the problem of organization and provision of work for the unemployed and assistance to the State and municipal authorities.

Fourth. A number of cities have undertaken steps for the immediate advancement of local public works and for definite advancement of construction work in the community. Steps organized in this direction have been formally reported from eight cities.

Fifth. An office has been set up and is at work in Washington, under Col. Arthur Woods, to continue the stimulation and co-

ordination of national, State, and municipal agencies, under the general direction of the Unemployment Conference.

Sixth. As the result of experience gained in organization throughout the country during the past week and of suggestions received from many quarters a large amount of material is now available for further development of emergency measures.

LETTERS TO MAYORS AND GOVERNORS.

The following letter was sent to mayors of all cities of 25,000 population and over east of the Mississippi. A telegraphic summary of the letter was sent to the mayors of all cities of 25,000 and over west of the Mississippi:

THE PRESIDENT'S CONFERENCE ON UNEMPLOYMENT,

DEPARTMENT OF COMMERCE,

Washington, October 7, 1921.

MY DEAR MR. MAYOR: As you know, the President issued a request on October 4 that municipalities all through the country should cooperate with each other and with State and Federal authorities so as to secure unity in meeting the unemployment situation. We are anxious to get in contact with you so as to learn what steps you have taken in order that the results of your experience may be transmitted to other municipalities and also in order that we may have your recommendations as to just how you feel the Federal authorities can best cooperate with you in the entire matter.

I have asked Col. Arthur Woods, Chairman of the Special Committee on Municipal Operations of the Unemployment Conference, to act as special assistant in the matter, and we wish to be guided, in the service agencies we help set up, by the information and advice we obtain from State and municipal authorities throughout the country.

We should, therefore, appreciate it very much if you will let us know what the situation is in your city and how far you consider that your local situation is such as to make necessary the following out, in a general way, of the recommendations of the Unemployment Conference which are now guiding many cities where there is a large congestion of unemployment. We should also like to know what special measures you find particularly effective, so that we may bring these to the attention of other places.

Yours, faithfully,

HERBERT HOOVER.

The following letter was sent to governors of all States of the Union:

THE PRESIDENT'S CONFERENCE ON UNEMPLOYMENT,

DEPARTMENT OF COMMERCE,

Washington, October 11, 1921.

MY DEAR GOVERNOR: You are, of course, aware of the Conference on Unemployment which is now being held in Washington. The object of this conference is to see what methods can be developed for cooperation among all sections of the community, especially what emergency measures may be put into effect during the forthcoming winter. The Conference has felt that the

primary basis of any organization set up for this purpose must be the municipality, functioning through emergency committees organized under the direction of the mayor, and that such committees should be comprised of competent citizens representing such associations, etc., as would tend to increase employment and secure the cohesion of the community by efficient organization. With this primary organization created, we feel that the State and Federal Governments would then have a basis to rally around. I think that you will agree with me that it is most essential that the primary organization in the municipality be set up in order that, as the situation develops, we shall be able to do what is necessary to meet the emergencies. There are many directions in which stimulation and support can not be originated within the single State or municipality and in which the assistance of the Federal authorities may be of help. Some of the legislation before Congress when completed will be a distinct Federal contribution. Likewise, measures being taken by the Federal Government with a view to expanding the coal output, the participation of national industries in relieving the strain, and other measures of this character would be an indirect contribution of an important order.

To prevent the shift of the burden of necessitous unemployment from one city to another and otherwise to handle the whole problem of unemployment, it is essential that the effort be made on a nation-wide basis. In order to do this, it is of course vital that the governors of the States give their active support and cooperation.

I know that we can rely upon your interest in this matter, and I am, therefore, writing to ask if you will be good enough to send me any suggestions that may occur to you for the amplification of the organization, also as to anything that we can do to assist through national industries or Federal agencies. I should also appreciate your keeping me informed as to the progress made in your State with respect to any organization which may be set up to handle the problem. It is not proposed to establish any extensive national organization other than a standing committee of the Unemployment Conference, which will consider itself a quasi voluntary body organized for the purpose of coordinating, with the assistance of the Departments of the Federal Government, such service as can be rendered to the State or municipal agencies.

I have been in communication with the mayors of the cities in your State that have 25,000 or more inhabitants, in order to try to help them by keeping them informed of measures found successful in other cities, and also to try to render them such service through this Conference as may be practicable. I should appreciate it if you would give me the results of your observations in the cities of your State, with such suggestions as you think might help in this work.

I am inclosing a copy of the recommendations of the Conference covering the construction industry,¹ and would appreciate your comments, suggestions, and cooperation if conditions in your State require action.

Yours, faithfully,

HERBERT HOOVER.

¹ For text of the report of the Committee on Construction, see Part V.

ABSTRACT FROM REPORT OF THE ECONOMIC ADVISORY COMMITTEE OF SEPTEMBER 26, 1921, TO THE CONFERENCE, AS SUBMITTED TO THE COMMITTEE ON MUNICIPAL ORGANIZATION FOR UNEMPLOYMENT.

PROGRAM FOR PRIVATE, CIVIC, AND FAMILY WELFARE AGENCIES.

The following suggestions represent briefly the most notable considerations which past experience shows must be reckoned with—some things to avoid and others to be emphasized in local contacts with the unemployment relief problem:

1. ABSTRACT OF SUGGESTIONS.

1. Unite existing private and public organizations to formulate and put through a constructive program for your community.

2. Procure all obtainable facts relative to unemployment in your community and make these available to all agencies and to the public.

3. See that there is a suitable employment exchange in your community.

4. Assist private and public employers and labor organizations to deal with the problem rather than to have any single civic or family welfare agency or combination of agencies assume the full responsibility.

5. Bring to the attention of public authorities specific recommendations for increasing volume of public work.

6. Urge both private and public employers to distribute labor by rotation in shifts of three days or more at a time.

7. Persuade each industry to absorb definite quotas of unemployed.

8. Urge not only private and public employers but individual householders and property owners to make improvements, extraordinary or ordinary repairs, and general sprucing up of properties.

9. Experience indicates that cash or other relief without work to able-bodied unemployed men is of doubtful value until after every effort has been made to provide work.

10. Ordinary problems of relief of poverty are increased in times of distress. Strengthen organizations dealing with these.

11. Increase resources of local family welfare agencies to enable them to cope with unemployment which your community can not meet through its industries or through its public employment.

12. Formulate standards and rules for temporary employment for those out of work dealing with rotation of shifts, wages to be paid, preference to be given to resident family men; etc.

13. Urge relatives and friends to make extraordinary sacrifices to assist their own relatives and acquaintances who are out of work.

14. See that decent sanitary accommodations for homeless men are made in order to differentiate the problems of resident and floating unemployed.

15. Past experience shows that great caution should be exercised in establishing bread lines, soup kitchens, food or lodging without provision for work, bundle days, and other such measures.

16. Discourage migration of unemployed to and from your community.

17. Make your emergency and community agencies result in some permanent community organization to prevent industrial crises and to deal with them with foresight when unpreventable.

2. COMMUNITY PROGRAMS.

The major effort in mitigating the troubles arising from unemployment must necessarily rest on local communities. It is very important that each municipality or other community which is confronted with unemployment should have an effective community-wide program. One of the best and most recent examples of possibilities along this line is the report of the Milwaukee Commission of Fifteen.

The final recommendations in the Milwaukee report may be summarized as follows:

1. That efforts be made to provide work, first, for Milwaukee family men and women and then for other Milwaukee citizens. Let it be given the broadest publicity possible that outsiders can not expect work here until all local men are cared for.

2. That the State Employment Bureau should be used for registration of unemployed, and that all employers be urged to register jobs with the bureau.

3. That all public works that can possibly be undertaken be started as soon as possible.

4. That the county board and city council be urged to get together immediately on the civic-center plans.

5. That the zoning and city planning ordinances should be promptly defined, but that no advantage be taken of the present emergency to weaken these undertakings.

6. That the Garden Homes Co. project be given active and unqualified support.

7. That a special session of the legislature be called to provide for the 1923 road program.

8. That now is the time to begin private building, as we consider prices will be no lower in the spring.

9. That manufacturers take advantage of the present conditions to put their plants in a high state of efficiency.

10. That owners of houses and other buildings be urged to start at once all repairs, improvements, etc.

11. That the city council grant water and fire protection to buildings outside the city.

12. That the Association of Commerce do all it can to induce the railroads to carry on the track elevation and depression work at this time and to push same to completion.

13. That the public should not retrench on ordinary expenditures.

EMPLOYMENT AGENCIES AND REGISTRATION.

MEMBERS OF COMMITTEE ON EMPLOYMENT AGENCIES AND REGISTRATION.

Julius H. Barnes, Chairman.

Mortimer Fleishhacker.

Wm. M. Leiserson, Executive Secretary.

Clarence J. Hicks.

Elizabeth Christman.

Jackson Johnson.

Bird S. Coler.

M. F. Tighe.

Joseph H. Defrees.

REPORT OF COMMITTEE ON EMPLOYMENT AGENCIES AND REGISTRATION.

[Made public Oct. 5, 1921, authorized by the Conference.]

1. However grave the crisis of unemployment, a well-organized community can develop untouched opportunities for employment.

2. In this crisis of unemployment the responsibility in each community for leadership should be directly assumed by the mayor. However, where an effective agency in a community is now successfully functioning the mayor should support its work.

3. The need for emergency measures having been ascertained, the cooperation of all elements in the community should be enlisted through the formation of an "Emergency Committee."

4. This "Emergency Committee" should provide a centralized registration of the unemployed, and, by cooperation with and not displacement of proper and established agencies, facilitate the placement of the unemployed.

5. This registration for employment should be wholly separate from any registration for relief of distress.

6. Competent and impartial executive direction and staff personnel is essential, in order that applicants may be properly selected on the basis of fitness for specific work, and thus the confidence of employers and workers be secured.

7. In selecting personnel for the serious business of this emergency work no consideration should be allowed other than fitness for its performance.

8. Energy and skill in management of the service will certainly facilitate the connection of men with work and will more directly locate and develop opportunities for employment otherwise not ascertained.

9. For quick and efficient service local community effort is the most effective, but the local agency should cooperate with State and Federal employment organizations and obtain all possible aid from these sources.

10. Emergency employment service should be stimulated by some method of report of progress and accomplishment by which its value can be measured.

11. The experience of communities already operating will be helpful to all, and this committee is therefore preparing a pamphlet of suggested practical steps for general guidance. The main reliance, however, must be in the resourcefulness and self-reliance of the people of each community familiar with its own local conditions.

REPORT ON IMMEDIATE MEASURES BY THE COMMITTEE ON EMPLOYMENT AGENCIES AND REGISTRATION, OCTOBER 11, 1921.

[Adopted by the Conference.]

The committee reports the following measures for immediate registration of the unemployed and the development of emergency employment bureaus. Our purpose is to place in employment with the least possible delay every person for whom there may be some work anywhere in the community to fill every available job with the least loss of time, and we believe an efficient employment office can not only reduce unemployment in this way but can also induce industries to take on more workers.

CENTRALIZED REGISTRATION.

In every city there are a number of agencies and organizations which are registering unemployed wage earners for various purposes. There are public employment bureaus, private labor agencies, employment offices conducted by philanthropic and religious organizations, and offices maintained by trade-unions and employers' associations.

All of these have their value, but they often involve overlapping and duplication of work. Their individual resources may not be great enough to do the most effective work, and they also cause some confusion in the minds of the unemployed as to where it is best to register as well as in the minds of employers as to where to call for help. There is also danger in confusing the work of an employment bureau with the administration of relief. An employment bureau should be free to carry out its single function of getting workers satisfactorily placed on the basis of their qualifications rather than their need for relief.

A multiplication of agencies is seldom desirable, and every effort should be made to federate all the existing agencies under the direction of the community as a whole, and any organization desiring to establish new agencies should be induced to pool its efforts with the existing agencies. In this way much of the effort and money that might go into organizing and equipping new agencies could be spent in directly securing work for unemployed wage earners or in helping them in other ways. To accomplish these purposes the Committee makes the following recommendations:

1. The mayor should call a conference of all the existing agencies, public, private, and philanthropic, which are concerned in any way in dealing with the unemployed. It is important that to this conference should be called also representatives of employers' organizations and labor unions.

2. This Conference should resolve itself into an Emergency Committee on Unemployment, and its first duty should be to ascertain and list the legitimate and approved agencies which are registering unemployed persons.

3. As soon as the existing registration agencies have been ascertained, the employment bureaus should be separated as distinctly and as completely as is possible from the relief or charitable agencies, both in their management and in location.

A COMMUNITY EMPLOYMENT SYSTEM.

We are concerned here only with those unemployed persons who register for employment, and our recommendations are confined to measures designed to aid such persons. Whatever may be our judgment as to the ultimate necessity of having the public employment bureaus predominate in the matter of distributing information regarding opportunities for employment, it is necessary in the immediate situation to make use of every honest existing agency that has facilities for finding employment. To this end it is recommended:

1. In every city where there is a State or city free unemployment bureau it should be made the central employment agency. It should be extended and enlarged as much as possible, and all the other agencies should be operated as branches of one system of municipal employment bureaus, under the guidance of the Emergency Committee on Unemployment which represents the whole community. The central employment bureaus may also serve as headquarters of the Unemployment Committee, and it should be the clearing house through which requests for help and applications for employment that can not be filled at one office may be filled from another office.

2. This cooperation and federation of employment agencies in the communities involves no special difficulties so far as the non-commercial bureaus are concerned, but the labor agencies that charge fees will be a source of trouble, and great care should be taken to deal only with such as have an established reputation for integrity and which are willing also to have the amount of their fees restricted by agreement with the Unemployment Committee.

3. To federate and operate all the employment bureaus in a city as one community employment system will require a management and executive ability not ordinarily found in employment offices, because their superintendents are commonly underpaid and the men of executive ability who have had experience in the employment business have usually gone into other callings. There are, however, in almost every industrial center men who have had training and experience in public employment bureaus or as employment managers in large industrial plants who can be drafted to direct the emergency employment system of the community. One such man of outstanding capacity as a manager who has knowledge of the employment business should be appointed "Emergency Labor Commissioner" either by the mayor or by the Unemployment Committee.

4. It should be the business of the Emergency Labor Commissioner to direct the work of all the employment bureaus in the community to the one end of placing in employment as many people as possible. He should secure the installation of a uniform system of management and record keeping in all the offices so far as this is possible, and he should require uniform daily reports from all of them to be sent to the central headquarters.

5. Where funds are lacking to secure competent superintendents, interviewer, and clerks for the offices he should call for volunteers from among industrial employment managers and social workers, and if it is found necessary to pay salaries to a competent chief of the employment bureaus and to competent interviewers, which public funds do not permit, then these funds should be contributed or raised by the organizations represented on the Emergency Employment Committee.

6. The Emergency Labor Commissioner and the employment bureaus in each city should keep in the closest possible contact by wire and long-distance telephone with all neighboring cities for the purpose of transferring labor from one community to another where this is possible and desirable. Public employment bureaus are now in existence in almost 200 cities, covering more than 30 States, and the State labor departments, which operate most of the public employment offices, as well as the U. S. Employment Service, which has cooperating arrangements with them, should be enlisted to assist in this work of transferring labor at a distance.

7. The U. S. Employment Service, we find, has no funds or staff to help the communities in this work to any material extent, but it does have a uniform set of registration cards and other forms needed in the employment bureaus which it is willing to furnish to any employment bureau of a public character in return for regular reports on the work of the bureaus. The Emergency Labor Commissioner should secure these forms either directly from U. S. Employment Service or through the State labor department, and he should apply to the U. S. Employment Service also for the franking privilege which may also be secured by public bureaus under certain conditions. (Copies of the forms are found in Appendix K.)

8. Uniform methods of registration, record keeping, and reporting as recommended by the U. S. Employment Service should be insisted upon by the Emergency Labor Commissioner in all the employment bureaus working under community direction.

9. The U. S. Employment Service is now cooperating with almost 200 employment offices in 30 States, and communities which are centralizing their employment and registration would do well to make use of the experience of this existing organization and to secure such assistance as the U. S. Employment Service has facilities to offer.

WORK OF COMMUNITY EMPLOYMENT AGENCIES.

1. All the employment bureaus in the community should be operated in a unified system by the Emergency Commissioner of Labor under the direction of the Unemployment Committee as a center of information, a clearing house for the benefit of both the unemployed wage earners and the employers of the community. Orders for help from employers must be secured by soliciting and advertising, and these can be stimulated and increased by rendering prompt and efficient service. In response to requests from employers applicants are to be selected on the basis of personal fitness for particular positions, not because they happen to be unemployed or in need.

2. This work will naturally divide itself into a men's and a women's department. In the men's department the skilled and unskilled workers should as far as possible be handled separately. For the present period of unemployment it is particularly important to give special attention to casual work or short jobs. These can be greatly multiplied by efficient management of such a department, and they can be of great help in tiding over the winter many unemployed workers who would otherwise become subjects of charitable relief. A community campaign for clean-up and repair work will greatly increase the number of short jobs.

3. In the women's department also specialized services should be developed for the different occupations in which women are em-

ployed in the community. During the period of unemployment special attention should be given to placing day workers, charwomen, or washerwomen. Experience has shown that such a service can find work for very many women in every community in the worst periods of depression, and thus add to the incomes of very many families. There are great possibilities also in the women's department for developing opportunities in domestic employment, and special attention should be devoted to this branch of the service.

4. Unemployed juveniles between 15 and 20 need special attention, because unemployment may have a specially demoralizing effect on them. They should be handled in a separate department and a separate room wherever possible and by all means kept apart from the transient and casual laborers.

5. Immigrant non-English-speaking laborers also present a special problem, and interpreters or interviewers who speak foreign languages may be needed in large offices, but every office will need some kind of interpreter service to handle these workers.

6. Transients and nonresidents should be carefully distinguished from citizens of the community, and if any labor is to be sent to distant places to work this class of labor should be used for the purpose. An energetic employment office manager can often get the cost of transportation advanced by the employer from a distance who needs help. Preference in employment within the city should be given to residents.

PRINCIPLES AND METHODS OF MANAGEMENT.

1. The offices should be operated as pure business propositions—as exchanges for facilitating the meeting of buyers and sellers of labor. Fitness for position should be the prime test in all dealings. If applicants are unemployed because of old age, inefficiency, or disability of any kind, it will be no help to them to refer them to positions they can not hold. Such applicants should be referred to the proper relief agencies.

2. Impartiality between labor and capital is particularly essential in the management of the offices, for without this the confidence of employers and labor organizations can not be maintained, and without such confidence employment agencies can not operate successfully. To insure this impartiality and confidence, the representatives of employers' associations and labor organizations who are on the Unemployment Committee should be kept fully informed of the work of the employment office and should be induced to act as an Advisory or Directing Committee for the office.

3. It is no part of the business of an employment office to act as factory inspector or to raise or reduce wages. Other agencies, both

public and private, exist for regulating working conditions and wage bargains. An employment agency to be successful must confine itself to bringing to the attention of the unemployed workers exact information as to the available jobs in the community that they can do and to employers it must refer workers who are fit for the jobs. Experience has proved that when an employment office goes beyond this to regulate working conditions or wages to be paid it soon ceases to function properly as an employment agency.

4. The business of an employment office to be a success must be carried on in as aggressive a manner as any commercial undertaking. Experience shows that work can be obtained for men by closely watching the advertisements in the daily papers, by keeping in close touch with employers through the use of the telephone, and by following up information secured in such a variety of ways, as through leads furnished by the men themselves in their search for work, or through newspaper notices of building operations or the opening up of factory work in neighboring localities. This latter information may be obtained either by use of the long-distance telephone or by correspondence. Such aggressive measures should be supplemented by personal visits to shops and factories and interviews with superintendents and foremen. By such methods the head of a bureau gets accurate knowledge of the labor market, especially in the trades having seasonal activities. Moreover, certain industries are continually on the lookout for new material for beginners, and such can be selected to advantage from the daily grist of applicants.

5. The proper selection of the applicants is possible only by a careful system of registrations. It is most important that every person who comes to the office should be registered whether there is work immediately available for him or not. Name, age, experience, period of unemployment, etc., should be carefully recorded and all the essential information required as indicated on the application cards. (See forms attached.) In the present emergency it is very essential to record in every case whether the applicant is a resident of the community or not. Record of the positions to which applicant is sent must also be kept on the back of his application card. Selection for fitness will be greatly facilitated by recording full information about each applicant and classifying the cards in a file by trades and occupations.

6. Applicants for work should be given as full information as possible regarding conditions of employment offered them. No discrimination is to be made in favor of or against union men. If the employer calls for a union man, he is to be sent; otherwise the first responsible applicant is referred who will accept the work offered.

7. The final test of the bureau's efficiency is its quickness and dispatch in getting the right man to a job in response to an employer's

call for help. The efficiency of the office is especially promoted by securing increased confidence of employers in the ability of the office to select the right man for a position and their consequent willingness to give detailed information regarding wages paid and other conditions of employment in any position offered. The bureau must also have the confidence of the workmen, making them feel that the office is an actual clearing house where reliable information may be secured regarding openings for employment in a wide range of industries. In this latter connection it is of distinct advantage to applicants to have at their disposal a good-sized waiting room. Semi-skilled shop workers and especially casual laborers may make use of this waiting room at all times of the day. However, applicants should not be permitted to use the waiting room as a loafing place and should be excluded when this privilege is abused. The employment bureau should be located on the ground floor as near as possible to business centers of the community.

8. The office records are made more complete and the efficiency of the office is further promoted by the readiness of the employers to report back to the office whether applicants referred to them have been hired. Applicants themselves may also assist by reporting to the office failure or success in obtaining work to which they have been referred. The attention of the office must be given each day to this important work of verifying positions filled through the office, for the service rendered by the bureau does not end simply in referring one or several applicants to a vacancy. Positions are verified over the telephone, by personal call on the employer, or through the mail.

9. Advertisements for help wanted in the daily papers should be closely watched and may be posted in the waiting room every day. Letters should be sent to employers who have difficulty in securing workmen. The telephone should be used to solicit orders from such employers, and this should be followed up whenever possible by a personal call on the employer by an office representative. The employment bureau should open early enough in the morning to meet the needs of business establishments which may need help at the beginning of their working day.

REPORTS AND STATISTICS.

A daily report of all the applicants registered for employment, the help wanted, the persons referred to jobs, and the number placed, classified by industries and occupations, should be required by the Emergency Labor Commissioner from every employment office after the manner of the form prepared by the U. S. Employment Service and reproduced as Appendix K. Such reports will enable him to test the efficiency and effectiveness of the work of the offices every day

and afford suggestions for improvement and development. When these reports are properly tabulated they will also give a measure of the extent and nature of the unemployment in the community from the angle of the employment agencies.

CONCLUSION.

In conclusion it is necessary to call attention to the relation of the employment bureaus to the other emergency measures which will have to be undertaken by the community. There will be the relief, the public work, the lodging of homeless men, transportation, etc. All of these will, no doubt, have to head up in the office of the mayor, and the one Emergency Committee on Unemployment created by the mayor should direct all of these various activities.

The Unemployment Conference will maintain a standing committee to assist in coordination of effort between the various sections of the community, and Col. Arthur Woods has been appointed by the Chairman of the Unemployment Conference to take immediate charge of this work on behalf of the Conference. Through him information will be forwarded to the various community emergency committees. Every city will be able to keep in touch with other cities, and thus a united nation-wide effort to overcome the unemployment situation may be exerted.

Any community desiring information should communicate with Col. Arthur Woods, Department of Commerce, Washington, D. C.

OUTLINE OF PERMANENT EMPLOYMENT SYSTEM.

[Adopted by the Conference, Oct. 11, 1921.]

1. A permanent system of employment offices for bringing workers and jobs together with the quickest despatch is necessary, both in times of depression and prosperity.

2. Your committee finds that there are now 25 States which have established State employment systems, and public employment offices are now being operated in about 200 cities, of which about 15 are purely municipal enterprises. Most of the 200 offices are supported jointly by the State and municipality. Your committee feels that in any permanent system the State should be the operating unit of such employment offices, and that the extension of such offices should be encouraged. The Federal Government itself should not operate local offices or do placement work.

3. However, for the purpose of bringing about coordination, the Federal Government should—

(a) Collect, compile, and make available statistical information.

(over)

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(b) Collect and make available information which will facilitate interstate placements.

(c) Through educational measures improve standards of work and encourage the adoption of uniform systems.

3 4. The existing provision of the Federal Government and many State governments for all branches of such work is inadequate, and should be strengthened. The work is of first-rate importance, and should be recognized as a job for men of first-grade ability from the top down. The director should be appointed directly by the President. Adequate salaries should be provided and adequate safeguards to secure the proper personnel and to protect the tenure of office.

5. An adequate permanent system of employment offices as above suggested would obviate the necessity of creating new offices whenever new emergencies arise. It would also prevent the public employment office from being regarded as a mere temporary philanthropic device, and thus through misunderstanding from not being used generally.

6. In order to secure and maintain the confidence of both employers and workers in the impartiality of the service rendered and the statistics published, an advisory committee consisting of representatives of employers and workers should be appointed to cooperate with the director as well as a similar system of local advisory committees to cooperate with the State and municipal offices.

RESOLUTION ON THE U. S. EMPLOYMENT SERVICE.

[Adopted by the Conference, Oct. 11, 1921.]

The Committee on Employment Agencies and Registration is strongly of the opinion that the work of the Unemployment Conference can and should be greatly aided in its work by the U. S. Employment Service. It finds, however, that the Employment Service is crippled by lack of funds. It therefore urges that Congress be asked to appropriate \$400,000 to enable the U. S. Employment Service to operate in the interstate field by:

1. Cooperation with the emergency employment agencies erected by the State's municipalities.

2. Informing States in which there is scarcity of labor of the situation in States where there is surplus of labor of the kinds desired.

3. Securing and compiling information on employment opportunities throughout the country.

APPENDIX K.—DAILY REPORT FORMS TO BE SENT TO
STATE CENTRAL OFFICES.

U. S. DEPARTMENT OF LABOR.

UNITED STATES EMPLOYMENT SERVICE.

DAILY REPORT TO STATE CENTRAL OFFICE.

-----, 19--

Office ----- Department -----

Attendance: Male ----- Female ----- Total ----- By -----

Industry and occupation.	Registrations.	Help wanted.	Refused.	Reported placed.	Transferred.
Agriculture:					
Farm hands, gardeners, dairy hands, etc.					
Agricultural laborers.					
Boys and girls.					
Building and Construction:					
Carpenters.					
Electricians (inside and outside).					
Painters, paper hangers, etc.					
Pipe fitters and plumbers.					
Roofers and sheet-metal workers.					
Structural-iron workers.					
Other building trade mechanics.					
Building trade helpers.					
Casual Workers.					
Chemicals, Oils, Paints, Etc.					
Clay, Glass, and Stone Products.					
Clerical, Professional, and Technical.					
Bookkeepers, accountants, and cashiers.					
Stenographers and typists.					
Office clerks.					
Teachers.					
Others.					
Clothing and Textiles:					
Dressmakers and seamstresses.					
Garment workers.					
Hat, cap, and millinery workers.					
Shirt, collar, and cuff workers.					
Textile workers.					
Others.					
Common Labor (not casual workers).					
Domestic and Personal Service:					
Domestics.					
Laundry, cleaning, dyeing, etc.					
Nurses and attendants.					
Others.					
Food, Beverages, and Tobacco:					
Bakery and confectionery workers.					
Meat and butcher workmen.					
Cannery workers.					
Cigar, cigarette, and tobacco workers.					
Others.					
Total forward					
Industry and occupation.	Registrations.	Help wanted.	Refused.	Reported placed.	Transferred.
Total forward					
Hotel and Restaurant:					
Chambermaids.					
Cooks and chefs.					
Kitchen and pantry workers.					
Matrons and hotel housekeepers.					
Waiters, waitresses, and busboys.					
Others.					
Leather, Rubber, and Allied Products:					
Boot and shoe workers.					
Fur and glove workers.					
Rubber workers.					
Others.					
Lumber:					
Skilled woodsmen.					
Woods laborers.					
Metals and Machinery:					
Auto mechanics and garage workers.					
Blacksmiths and boiler-makers.					
Machinists, tool and die makers.					
Machine hands and specialists.					
Millwrights.					
Molders and core makers.					
Polishers, buffers, platers, etc.					
Welders and cutters.					
Helpers and handy men, all trades.					
Others.					
Mine and Quarry Workers:					
Skilled miners.					
Others.					
Paper and Printing:					
Pulp and paper mill workers.					
Printers and pressmen.					
Feeders and bindery workers.					
Paper-box and bag workers.					
Others.					
Shipbuilding:					
Riveters, chippers, calkers, and reamers.					
Ship fitters.					
Ship carpenters.					
Other distinct occupations.					
Shipbuilding laborers.					
Total forward					

Industry and occupation.	Registrations.	Help wanted.	Referred.	Reported placed.	Transferred.	Industry and occupation.	Registrations.	Help wanted.	Referred.	Reported placed.	Transferred.
Total forward.....						Total forward.....					
Theaters and Amusements.....						Woodworking and Furniture:					
Transportation and Public						Cabinetmakers and furni-					
Utilities:						ture finishers.....					
Chauffeurs and auto-truck						Machine woodworkers.....					
drivers.....						Others.....					
Teamsters, stablemen,						Miscellaneous:					
and deliverymen.....						Apprentices, all trades.....					
Track workers.....						Boys and girls (not other-					
Trainmen, dispatchers,						wise classified).....					
enginemen, etc.....						Cranemen and steam-					
Others.....						shovel men.....					
Wholesale and Retail Trade:						Elevator operators.....					
Sales people.....						Engineers.....					
Shipping and stock clerks,						Firemen and others.....					
packers, etc.....						Watchmen, janitors,					
Others.....						guards, etc.....					
Total forward.....						Grand total.....					

Fill out and mail to your State Central Office at the close of each day's business.

THE PRESIDENT'S CONFERENCE ON UNEMPLOYMENT.

81

[Front.]

Name			Telephone No.	Date
Address			Willing to work out of town?	
Occupation		Wages wanted	Number of dependents	
Also willing to work as—		Wages wanted	Married Single Widowed Resident? How long?	Speak English Read English Write English How long in U. S.?
Age	Race	Birthplace		
Last three employers		Address	Kind of work	Renewals
Remarks:				

DEPARTMENT OF LABOR
U. S. EMPLOYMENT SERVICE
Emp. 4—Application for work—Males

[Reverse.]

[illegible]

POSITIONS OFFERED

[Front.]

Emp. 5
U. S. Department of Labor
U. S. employment service
Introduction and Return Card

PRESENT THIS CARD TO EMPLOYER
UNITED STATES EMPLOYMENT SERVICE

....., 19....

To.....

This introduces.....

sent in accordance with your request for.....at.....

.....Directed by.....

EMPLOYER SIGN AND RETURN—NO POSTAGE REQUIRED

Hired?

(Check Yes or No.)

Yes ☐ No ☐

Date.....Signature.....

INTRODUCTION CARD

[Reverse.]

U. S. DEPARTMENT OF LABOR
U. S. EMPLOYMENT SERVICE
WASHINGTON

Post CARD.

OFFICIAL BUSINESS
Penalty for private use \$300

**ABSTRACT OF PUBLIC HEARINGS BEFORE COMMITTEE
ON EMPLOYMENT AGENCIES AND REGISTRATION,
SEPTEMBER 28, 1921.**

Julius H. Barnes, chairman of the committee, in introducing the subject matter of the second public hearing of the President's Conference on Unemployment, stated that the immediate purpose of the committee is to decide what measures can be suggested to the authorities of industrial centers for immediate application. Mr. Barnes stated that it has been established that a better source of contact between the worker and the vacant position would normally and at all times reduce unemployment by from 5 to 10 per cent.

John Ihlder was asked to state the attitude of the United States Chamber of Commerce on the question of public employment agencies, and reported a referendum in 1919 in which the following recommendation received 689½ votes in its favor and 361½ opposed, but failed of adoption because of a failure to secure the necessary two-thirds of those voting:

A system of national employment offices with due provision for cooperation with existing State and municipal systems can be made, under efficient management and if conducted with due regard to the equal interests of employers and employees in its proper administration, a most helpful agency, but only if all appointments are made strictly subject to the civil service law and rules. Policies governing the conduct of a national system of employment offices should be determined in conjunction with advisory boards—National, State, and local—equally representative of employers and employees.

Roswell F. Phelps, Director of Statistics for the Department of Labor and Industries of Massachusetts and Director of State Public Employment Offices, outlined the history of public employment service in Massachusetts.

These offices were established, primarily, as a sort of charitable agency, but in the development of the work it was found that the service rendered was to the advantage both of employer and employee because of the fact that it served as a central labor exchange in three or four cities. Request has been made of the Massachusetts Legislature to change the title of the offices from "Free Employment Office" to "Public Employment Office" in order to put them on a dignified basis.

Mr. Phelps brought out the fact that the per capita cost of placement in Massachusetts through the State Employment Office during the entire period of operation since 1907 has been \$1.11. Mr. Phelps, in answer to interrogations regarding the capacity of private employment agencies to handle present employment problems, called attention to the desirability of central registration, with a possibility of giving preference to the needy and the veterans, which can not be

done through a number of independent agencies. However, as a means of overcoming this difficulty, arrangements have been made with the industrial aid societies to provide a preferred list, naming the heads of families and those in need. These lists are distributed to practically all of the leading private licensed agencies, which also help to compile it. Mr. Phelps stated that the appropriation for the three offices in Massachusetts last year was \$54,600, of which a balance was returned of approximately \$2,000. During the year 38,700 positions were filled, at an average cost of \$1.35 per placement. The personnel of these offices consisted of 38 employees, and each office has a superintendent. A small clerical force is employed, but most of the personnel are actually registrars. Field agents are employed to visit the employers and act in a publicity capacity and also familiarize themselves with the character of the positions which are to be filled.

Mr. Phelps stated that for some purposes private employment agencies were more effective than the public agencies, particularly with respect to jobs that require the looking up of references, and that he would be averse to restricting their operation. Mr. Phelps stated that the ideal arrangement if properly conducted was municipal offices having physical contact with the work, cooperating with the State bureau, and allowing the State to standardize local operations and then have the State directed by a Federal clearing house in the same way.

Of the total placements made by the public employment service in Massachusetts last year, somewhat over one-half were casual, domestic, and short-time clerical. A little less than one-half were more or less skilled manual positions. Some professional positions were filled in which the salary was as high as \$2,250.

Francis I. Jones, who has been Director General of the United States Employment Service since June 3, 1921, stated that the Federal bureau acts in cooperation with State and municipal agencies. It operates a field force of engineers and technical men, who collect information for the Employment Service Bulletin. The cooperative disbursements and details of personnel are made by the Federal bureau to a number of State agencies.

Mr. Jones expressed the opinion that at this time the U. S. Employment Service can do better work in cooperation with the State organizations rather than by extending its activities to the operation of local offices. He stated the belief that the present appropriation of \$225,000 is inadequate.

Shelby M. Harrison, of the Sage Foundation, in answer to questions stated that the great objection to the fee-charging employment agency is that it, generally speaking—and with, of course, excep-

tions—does not have the confidence of the employer or of the employees. He stated that researches made by the Sage Foundation in the unemployment situation also reveal criticism of public employment service from the standpoint of both employers and workers, but that in fairness it must be said that due to the expansion of the U. S. Public Employment Service during the last few years it would have been miraculous if this service could have been organized without criticism. Mr. Harrison stated his personal conclusion is unfavorable to the immediate extension of public employment service, and that certain types of private agencies, and particularly the private professional agencies, should be allowed to continue, at least for some time to come. He believes that one very important factor working against the public employment service agency is a lack of understanding in the communities of what it is and can do.

William C. Roberts, chairman of the Legislation Committee of American Federation of Labor, stated that one reason why employers did not apply to public employment services for employees was because the employers did not hire the men personally, but left this to the foreman in many cases, who split fees with paid employment agencies. Mr. Roberts stated that organized labor would favor in the most emphatic way the extension of public employment agencies and that the private employment agent ought to be abolished entirely. He stated that organized labor has found the U. S. Free Employment Service very effective.

Urbain Ledoux appeared before the committee to give his experience on employment agencies. Mr. Ledoux stated that labor has a good opinion of public employment agencies and a very bad one of private agencies, particularly those that deal with unskilled labor. He stated that Federal agencies could very much expedite the placement of migratory laborers, who are the ones who suffer the most from unemployment, and who number some 500,000. He believes that the public employment service should be extended to skilled labor, and stated that 15 per cent of the present-day bread line is of the clerical class.

Mr. Ledoux stated that there was reluctance on the part of the average down-and-outer to take advantage of municipal lodging houses, even when such privileges are open to him. He explained that this condition is due largely to the requirement of a number of hours of work on the following morning, which deprives the searcher for work of the best hours of the day. The committee adjourned at 1 o'clock to resume hearings in the afternoon.

Mrs. S. J. Atwood, representing the Metropolitan Association of Employment Agencies of New York City, gave testimony.

Mrs. Atwood, who conducts a private agency, has had experience in placing large numbers of men of all classes for railroad construction and war manufacturing work. She stated that the average private employment agency compares very favorably with public agencies that charge no fees, particularly in communities and States where proper licensing of such agencies is in effect. She cited instances to prove that any agency, public or private, to be successful in properly placing unemployed must have personnel capable of picking the right man for the right job. The average fees received by private agencies in New York for placing crude labor are \$2 to \$3, according to Mrs. Atwood. She deprecated the tendency of the employers who patronize free bureaus to attempt to drive down wage schedules. It is impossible, so Mrs. Atwood believes, to secure practical cooperation through city, State, and Government agencies. Mrs. Atwood expressed herself as skeptical about the possibility of extensive interstate placement of labor due to loss of time involved in transportation. High license fees for agencies, according to Mrs. Atwood, do not tend to eliminate the undesirable agent.

Dr. John Price Jackson, formerly chief of the Department of Labor and Industry for the State of Pennsylvania, cited results of observations made by him in Germany at Dresden, where he saw what was, in his opinion, the best employment agency of its kind, and where the agency catalogued nearly two-thirds of all the workers of the district. Dr. Jackson explained the reason for the support of this free State organization by both employers and employees as due to its careful organization and expert management. Dr. Jackson called attention to the Johnstown (Pa.) Public Employment Office, which, since depression set in, has acted as a clearing house and has shifted labor about in the rotation of jobs. Dr. Jackson stated that in his belief every step taken by the Government to build up, figuratively or actually, additional officeholders taking over functions which can be carried on by private citizens is tending to tie up the Government into an autocratic Republic. Dr. Jackson recommended the careful listing of the unemployed in each district, with a noting of their qualifications for work, stating that the matter of unemployment is primarily a community job. In summing up his recommendations Dr. Jackson stated he believes that for the emergency a central organization be set up in each community, making one part of its activities an employment agency and using all the local present existing facilities.

Mr. Philip Brown, of the Adjustment Bureau of the U. S. Department of Labor, spoke of his experience with both public and private agencies as to the treatment of discrimination against Negroes. He stated that the Negro has been the particular victim of the private

agency. There are about 200,000 migratory Negroes in this country, according to Mr. Brown. A recent canvass of savings banks in industrial centers has revealed an accumulated total of \$4,000,000 by Negro depositors that was only depleted \$2 per capita during the depression. Mr. Brown figures that 19.33 per cent of Negro labor out of employment is of the unskilled class. Mr. Brown stated that there are from 18,000 to 20,000 colored people out of employment in the Calumet district, which includes Chicago, Gary, etc. Very few of these, however, have been forced to apply for public help or to soup kitchens or bread lines.

Part IV.—PUBLIC WORKS.

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MEMBERS OF COMMITTEE ON PUBLIC WORKS.

Mayor Andrew J. Peters, Chairman.	Gen. R. C. Marshall, jr.
Otto T. Mallory, Executive Secretary.	Miss Ida M. Tarbell.
Charles M. Babcock.	Ernest T. Trigg.
Bird S. Coler.	Matthew Woll.
Mayor James Couzens.	Col. Arthur Woods.
Bascom Little.	Evans Woollen.

SUMMARY OF THE REPORT AS ADOPTED BY THE CONFERENCE, OCTOBER 12, 1921.

[Reprinted from Part I.]

Public construction is better than relief. The municipalities should expand their school, street, sewer, repair work, and public buildings to the fullest possible volume compatible with the existing circumstances. That existing circumstances are favorable is indicated by the fact that over \$700,000,000 of municipal bonds, the largest amount

in history, have been sold in 1921. Of these, \$106,000,000 were sold by 333 municipalities in August. Municipalities should give short-time employment the same as other employers.

The Federal authorities, including the Federal Reserve Banks, should expedite the construction of public buildings and public works covered by existing appropriations.

A congressional appropriation for roads, together with State appropriations amounting to many tens of millions of dollars already made in expectation of and dependence on Federal aid, would make available a large amount of employment.

REPORT OF COMMITTEE ON PUBLIC WORKS ON RECLAMATION.

[Adopted by the Conference Oct. 12, 1921.]

Since the administration of President Roosevelt it has been Federal policy to make all irrigable and reclaimable lands available for settlement on terms which aim to insure a real opportunity for the settler and ultimate reimbursement to the Federal Treasury of all construction expenses.

Reclamation construction is provided for by a reclamation fund which is constantly replenished by payments from land users, oil leases, etc. Any appropriations to this fund by Congress are in the nature of a loan to be repaid to the Federal Treasury from monies received after construction has been completed.

The Reclamation Service work is especially adapted to the stabilizing of employment conditions. Even on the most northern projects such operations as tunneling, rock work, and heavy excavations can be carried on successfully throughout the winter.

Reclamation Service projects already begun would afford employment to about 32,000 workers, directly and indirectly, during this winter if funds were available. The list follows:

State.	Project.	Amount.	State.	Project.	Amount.
Colorado.....	Grand Valley..	\$1,200,000	Oregon-California....	Klamath.....	\$1,000,000
Idaho.....	Boise.....	1,200,000	Washington.....	Yakima.....	3,600,000
	Minidoka.....	2,000,000	Wyoming.....	Riverton.....	1,250,000
Montana.....	Sun River.....	800,000		Shoshone.....	750,000
Nebraska-Wyoming..	North Platte..	2,000,000			
Nevada.....	Newlands.....	1,000,000			
New Mexico-Texas..	Rio Grande....	1,400,000			
			Total.....		16,200,000

SUMMARY.

An appropriation by Congress in the form of a loan to the Reclamation fund of \$16,200,000 for expenditures on projects now under way would be utilized in immediate construction this winter, providing direct employment for 16,000 workers, without committing the Reclamation Service to further expenditures.

The above total of 16,000 men employed directly would be increased by about 16,000 additional required in the manufacture and moving of materials, making a total of 32,000 men who would be employed this winter.

RECOMMENDATION.

Fully realizing the need for true economy in Federal expenditures, your committee believes that such a policy is not inconsistent with the loan of Government funds during the present period of industrial depression for the purpose of increasing the agricultural area of the United States, and recommends that reclamation developments be continued more intensively during the winter of 1921-22.

Your committee therefore earnestly recommends to Congress the immediate consideration of a loan to the Reclamation fund for the prosecution of projects already under way.

APPENDIX L.—LETTER FROM RECLAMATION SERVICE.

DEPARTMENT OF THE INTERIOR,
UNITED STATES RECLAMATION SERVICE,
Washington, D. C., October 7, 1921.

MR. O. T. MALLERY,

*Secretary Public Works Committee, Unemployment Conference,
Department of Commerce, Washington, D. C.*

DEAR SIR: In accordance with your request upon the occasion of your recent visit to this office, the following statement of the possibilities of Reclamation Service work in stabilizing employment conditions has been prepared along the lines of your memorandum of inquiry.

This statement is intended to supersede our memorandum on this subject of September 13, which was based upon inadequate information and a misapprehension of the scope of Secretary Hoover's inquiry.

The Reclamation Service consistently pursues the policy of investigating in advance the feasibility of and preparing plans and estimates for proposed irrigation projects throughout the West to the fullest extent of available funds. While our appropriations for such work have been small, they have been supplemented by contributions from the various States, irrigation districts, and other interested organizations, so that at the present time we have more or less complete data on a large number of projects throughout the West. Investigations of a number of these projects have been carried to the point where construction could be immediately initiated. On many others we have sufficient data to justify their authorization for construction, but some additional detail study would be required before the actual "dirt moving" could be started.

The Reclamation Service work is especially adapted for the stabilization of employment conditions. Even on our most northern projects such operations as tunneling, rock work, and heavy excavation can be carried on successfully throughout the winter, and where some operations are interfered

with there's frequently sufficient range of climate on the project to permit the transfer of employees and equipment economically from one class of work to another and keep them employed throughout the year. For example, a force may be employed on storage work in the mountains during the summer and a part transferred to canal construction on the lower lying project lands during the winter. Again, on partially completed projects, operations may often be arranged to furnish employment for many of the settlers and their teams during the months when farm work is slack. On our southern projects winter is frequently the most favorable period of the year for efficient construction work.

In any plan for improving employment conditions extension of the work of the Reclamation Service is particularly deserving of consideration. Not only does it provide a means of stabilizing employment conditions through the direct employment of engineers of all grades, survey men, mechanics, construction foremen, skilled and unskilled laborers, etc., the very classes who suffer most from the seasonal nature of much of their work, but through the demand thus created for construction materials, machinery, and supplies should help materially to improve conditions in other industries.

Furthermore, it is to be remembered that this outlay is of the nature of an investment. The cost of all projects is eventually to be returned to the Federal Treasury by the settlers who are thus furnished opportunities to make homes for themselves while engaging in the production of one of the fundamental forms of national wealth.

Reclamation Service projects now under construction have already demonstrated beyond question the economic value to the entire country of this work. On a number of these projects funds could be efficiently expended during the approaching winter, pushing them toward completion, and furnishing direct employment to probably 16,000 employees and indirectly (furnishing construction materials, machinery, etc.) to half as many more. A list of these projects and proposed expenditures on each follows:

State.	Project.	Amount.	State.	Project.	Amount.
Colorado.....	Grand Valley..	\$1,200,000	Oregon-California.....	Klamath.....	\$1,600,000
Idaho.....	Boise.....	1,200,000	Washington.....	Yakima.....	3,600,000
	Minidoka.....	2,000,000	Wyoming.....	Riverton.....	1,250,000
Montana.....	Sun River.....	800,000		Shoshone.....	750,000
Nebraska-Wyoming..	North Platte...	2,000,000			
Nevada.....	Newlands.....	1,000,000	Total.....		16,200,000
New Mexico-Texas...	Rio Grande....	1,400,000			

In addition to the work on projects already under construction indicated in the foregoing list, several projects in the Southwest, which have been thoroughly investigated by our engineers, could be taken up immediately.

The following table shows the immediate appropriations and the additional estimated ultimate expenditure required:

State.	Project.	Immediate expenditure.	Additional to complete.
Arizona.....	Boulder Canyon dam.....	\$5,000,000	\$50,000,000
California.....	All-American Canal and laterals.....	15,000,000	20,000,000
Arizona.....	Parker.....	4,000,000	10,000,000
	San Carlos.....	4,000,000	10,000,000
		28,000,000	90,000,000

This work would furnish employment for five months to between 25,000 and 30,000 men on the work itself and indirectly to between 10,000 and 15,000 more.

Settlers on Reclamation Service projects under the terms of the act of August 13, 1914 (38 Stat., 688), are given 20 years within which to make their payments. These payments are graduated so that the returns for the first few years after the completion of the project are relatively small. An arrangement might be suggested similar to that of the act of June 25, 1910 (36 Stat., 835), as amended by the act of June 12, 1917 (40 Stat., 149), whereby a stipulated amount is repaid from the reclamation fund to the general fund of the Treasury each year until the advances are repaid.

There is being forwarded you, under separate cover, copy of a report on the development of unused lands, which contains the results of an investigation made by the Reclamation Service under the direction of Congress in 1919-20. This investigation shows the existence of large areas of swamp and cut-over as well as arid lands in the United States, the reclamation and settlement of which would furnish large opportunities of employment. The construction activities of the Reclamation Service, however, have always been restricted by law to the arid and semiarid States of the West, and Congress has never authorized any of the work outlined in the above report.

SUMMARY.

1. An appropriation of \$16,200,000 for expenditure on projects now under construction would provide direct employment for 16,000 or more men during the coming winter and would not commit us to further appropriations.

2. An additional appropriation of \$28,000,000 would provide employment for 28,000 more men, permitting work to be begun on four new projects. These four projects would require for completion future appropriation of \$90,000,000 additional.

3. The above total of 44,000 men employed should be increased by probably 50 per cent to cover increased activities in other lines occasioned by the demands of the above work.

4. Opportunity exists to provide employment and settlement opportunities by the reclamation of swamp and cut-over lands throughout the country, but such reclamation is outside the scope of Reclamation Service activities under present law.

Yours, very truly,

OTTAMAB HAMELE,
Acting Director.

APPENDIX M.—INFORMATION ON PUBLIC ROADS, OCTOBER 13, 1921.

[Not acted upon by the Conference.]

BETTER ROADS—MORE WORK PROGRAM.

Many thousands of men now idle in this country can be promptly put to work if Congress and the States will push the program of road building on which they have spent over \$452,000,000 in the past five years and for which they now have plans complete and large sums available.

In July of 1916 Congress appropriated \$75,000,000 to be distributed among the States for road building. Each State was to receive its

share when it had set up a satisfactory highway department and matched the Federal grant dollar for dollar.

The offer was immediately seized upon. In 18 months 1,116 miles of road had been placed under contract, at a cost of about \$19,500,000. Of this sum, over \$11,000,000 came from the States; that is, they had much more than met their Federal grant.

Realizing that the disbanding of the Army and possible business depression might result in a period of serious unemployment, Congress in 1919 appropriated \$200,000,000 for road work. This was to be distributed on the same terms as the previous grant. The States responded promptly and generously. In the year 1920 they placed under contract 13,160 miles of roads, costing about \$212,500,000, of which less than \$100,000,000 came from the Federal Treasury. Unfortunately for the workers of the country, this splendid activity has not been kept up in the present year with anything like the vigor shown in 1920. Only 5,018 miles of road were put under contract in the first eight months of 1921.

What are the causes of this slump at the moment when unemployment—the main reason for attempting the big program—is greater than could have been anticipated in 1919? Where are we to fix responsibility?

It lies first in Congress, where appropriations originate, and second in the States which are cooperating in the program.

The road-building program of each State was based on the belief that the Federal Government would continue its support. All political parties were committed to this policy. The public was back of it. It was known, both by Congress and the States, that the \$275,000,000 granted in the last five years would all be taken up before the end of this year, and that more money must be appropriated in the present session, and as early as possible in the session, if the States were to know how much work they could plan for the present winter and the coming spring. Although various bills providing the expected Federal aid for road building have been before Congress since early in the session, and although unemployment has been more and more menacing, no action has yet been taken.

The delay is working infinite mischief throughout the country, actually threatening to make the unemployment crisis worse instead of relieving it. In many States where road building has been regarded as a matter of first importance and where the appropriations based on Federal aid have far outstripped the 50 per cent requirements of the bill work will soon be suspended unless Congress acts.

Take Minnesota as an illustration. It is spending on its highways this year approximately \$23,500,000 of its own funds. Its program is based on the expectation that it would receive its quota of a new

Federal appropriation. This Federal money is not available because of the delay in Congress. This means that Minnesota's proposed winter program must be seriously cut, if not stopped. The stoppage of road building in the State will mean that more than 20,000 men and hundreds of teams will be thrown out of work. There is no hope for this labor in Minnesota's iron mines and lumber camps this winter. Both will be closed. Unless Congress acts promptly the State will be forced to add thousands of men to the unemployed of the United States.

This is one example. There are others. In Pennsylvania, 250 miles of projected road are now held up by the delay in Congress. This means that many thousands of men who might be at work are unemployed. In Georgia, funds amounting to \$16,000,000 are available as soon as the Federal appropriation is made that can not otherwise be touched.

While this committee was at work on this report the Secretary of Commerce received a telegram from the Governor of Mississippi in which he said:

Relief from unemployment in Mississippi could almost be immediately secured by the passage of legislation before Congress making available additional Federal money as Federal aid to the State for highway construction. Our counties have on hand available for road construction sufficient funds to meet any funds made available as Federal aid. They are delaying putting the work under construction until such time as it is definitely settled whether or not they will receive cooperation from the Federal Government. I believe a comprehensive program of highway construction such as would be started by the passage of impending Federal legislation would solve to a large extent the unemployment situation in Mississippi.

But while Congress is responsible for the curtailment and the possible stoppage of the road-building program in some States, in other cases the States themselves have fallen behind. Although they have taken care to fulfill all the conditions required in order to receive their share of the money appropriated by Congress they are not going ahead with work.

The State of New York, for example, now has available about \$7,000,000 of Federal aid for road building. That means if it carried out promptly its contract with the Government it could put \$14,000,000 at least to work—a sum which would employ many thousands of men. The State of Indiana has available for new road construction \$4,500,000 of Federal aid. Its own highway policy and the failure of its legislature to match the Federal grant are holding it back.

This committee wishes to point out to the States that have fallen behind in road making that their delay is complicating and intensifying the whole unemployment situation. They are obligated, mor-

ally at least, by their acceptance of Federal aid to use at once all the money made available to them by the Government. The chief reason for giving it to them was to prevent and relieve unemployment. Every dollar tied up by a State now is a dollar turned from its rightful purpose in checking unemployment.

The committee likewise would urge upon Congress the importance of at once making a liberal appropriation for road building. In our judgment the road-building program throughout the whole country hinges upon this action. Stop your road building, as some of the States fear that they will be forced to do now, and you shut down quarries, cut off a market for cement and other materials, and take freight from the railroads. Minnesota estimates that for every man she keeps busy on road construction three others are employed in the work of preparing and transporting materials. For every mile of paved road she builds 141 carloads of freight are moved; that is, road construction means occupation in many industries.

It is the judgment of this committee that the country should put itself behind the better roads—more work program, insisting that it be pushed at once to the last dollar of money that is available.

By subcommittee.

CHARLES M. BARCOCK, *Chairman.*

IDA M. TARBELL.

ARTHUR WOODS.

REPORT OF COMMITTEE ON PUBLIC WORKS—LONG-RANGE PLANNING OF PUBLIC WORKS.

[Adopted by the Conference, Oct. 13, 1921.]

When public works are done in greatest volume during periods of active industry the same men and material are being competed for by both public and private employers. The inevitable result is to raise the height of the crest of the wave of cyclical business inflation and to cause a greater crash when the heightened wave breaks, as it always does.

In a growing country like the United States the aggregate volume of public works of cities, counties, States, and of the Federal Government is so great that if a larger proportion were executed in years of depression than in years of active industry a powerful stabilizing influence would be exerted. In the past, however, public works officials have felt poor when business was depressed around them and conversely have often executed their chief undertakings when the contagious enthusiasm of captains of industry and of the general public has hailed a period of prosperity at hand. This tendency, although a natural one for an individual, does not accord with true economy for the city or with a sound national policy.

A large percentage of all public work is done out of the proceeds of bond issues to be paid off out of annual taxes received during subsequent decades. The credit of a well-managed city or State, as evidenced by the interest rate on long-time bonds, is less affected by a business depression than the credit of private corporations. Indeed, the supply of loanable credit for investment in municipal bonds is often greatest when industrial and railroad corporations are unable to obtain credit at maximum rates. This tendency, although accentuated by the present income-tax exemption on municipal bonds, has been true before the income tax was created. Not only can municipalities borrow more favorably than private borrowers in bad times, but by timing their public work during periods of inactive business and relative unemployment they can also secure a more plentiful and regular supply of materials and labor as an important economy in construction. When, in addition to these already cogent reasons, it is remembered that municipalities and their constituent citizens do in fact assume and bear the cost of destitution within their gates any measure which tends to steady employment of their citizens in bad times and good will be sound policy from whatever point of view considered.

The leadership of the Federal Government in expanding its public works during periods of depression and contracting execution in periods of active industry requires no great change from existing procedure. Already the executing agency enjoys great latitude as to the period in which the appropriations may be spent. The remaining step is to choose the period of intensive execution to synchronize with major periods of industrial depression.

Certain works of the Federal Government, such as reclamation, flood prevention, river and harbor work, roads and public buildings, are peculiarly suited for consideration as large undertakings covering a long period and capable of elasticity of execution to synchronize with cycles of business depression.

The machinery legislated by the States of Pennsylvania and California to plan in advance for the expansion of public works during periods of depression are examples of present tendencies. Available estimates show that if 20 per cent of ordinary necessary public works were deferred each year and the accumulation executed in a year of depression occurring once in 10 years the lifting power of public works would be at least one-third the dead weight of such a depression as the present. That the indirect effect would be even greater is indicated by the attached charts.

RECOMMENDATIONS.

1. That the Chairman of the Conference be requested to consider the advisability of appointing a committee to study methods and

make recommendations for utilizing a percentage of the ordinary necessary public works of the Federal, State, and city Governments as a reserve against future periods of unemployment and industrial depression.

2. That the studies of this committee should include the relation of the cities and States to any Federal policy which may be suggested and be published as part of the proceedings of the Unemployment Conference.

EXCERPTS FROM REPORT OF ECONOMIC ADVISORY COMMITTEE ON EMERGENCY PUBLIC WORKS, SEPTEMBER 26, 1921, AS SUBMITTED TO THE COMMITTEE ON PUBLIC WORKS.

The present industrial situation can immediately be improved by the use of ~~such~~ of the following measures as the Conference may approve and promote. Your committee is convinced that the expansion of public works during the winter of 1921-22 constitutes one of the most important measures to revive private industry and to check unemployment. We therefore recommend to the Conference that methods be formulated and measures pressed for the advancement and augmentation of public works for the following reasons:

1. The best remedy for unemployment is employment.
2. Direct employment is given by public works.
3. Indirect employment is given in the manufacture of the materials needed.
4. The wages paid to those directly and indirectly employed create a demand for other commodities which require the employment of new groups to produce (see charts attached). Thus public works assist in reviving industry in general.
5. Public works will serve as a partial substitute for private relief and charity.

CAUTIONS.

1. Public works can not be expanded in large volume on short notice because of the time required for preparing plans, authorizing loans, selling bonds, etc. Where city charters or other obstacles prevent, a local campaign for private gifts to a public-works fund should be considered.

2. Public works must be on a "commercial" basis, not a "relief" basis, otherwise waste will result. On a "commercial" basis men fit for the work are engaged at usual rates and wages and unfit workers are discharged. On the "relief" basis the workers are chosen primarily because they are in need and retained whether fit or not.

3. Only necessary public works should be undertaken which would ordinarily be executed at some future time.

FAVORABLE FACTORS.

1. Many communities are alert to the uses of public works as a check to unemployment and their plans are in process.
2. Present favorable market for municipal bonds.

EXCERPTS FROM REPORT OF THE ECONOMIC ADVISORY COMMITTEE ON LONG-RANGE PLANNING OF PUBLIC WORKS, SEPTEMBER 26, 1921, AS SUBMITTED TO THE COMMITTEE ON PUBLIC WORKS.**PURPOSES.**

Public works—municipal, State, and Federal—should be contracted in years of industrial activity and expanded in years of depression to accomplish the following purposes:

1. To revive private industry and to check industrial depression and unemployment.
2. To prevent the demand of public works for materials and labor from conflicting with the needs of private industry.
3. In general, to stabilize industry and employment.

METHODS FOR EXPANDING AND CONTRACTING.

Defer at least 10 per cent of the average annual public-works expenditures of Federal, State, and municipal agencies. Execute the deferred accumulations in the year of depression which occurs once in about 10 years.

This does not mean, however, that any specific piece of public works will be deferred more than two years—in most cases only one year. In order that plans may be quickly available when needed, do not defer appropriation for planning and engineering of any work authorized.

Consider the effect of a Federal bond issue as a loan in aid of municipal public works in years of depression, such loans to be made only (a) upon proof of national unemployment and industrial depression, as shown by industrial and unemployment statistics; (b) upon proof of the soundness and utility of specific public works proposed; (c) loan to be made to municipalities at a rate of interest not less than that paid by the Federal Government (note British policy); (d) advance preparation of engineering plans, which must be thought out and periodically revised in order to be ready for execution when the period of depression arrives (see practice of Indian Government), otherwise great waste will result; and (e) work to be executed upon a "commercial" basis and not a "relief" basis.

MACHINERY RECOMMENDED.

FEDERAL.

1. Fortify the United States Employment Service to enable it to obtain regular unemployment index figures, so that knowledge may be had when public work should be stimulated or retarded, based upon reliable and complete employment statistics.

2. Formulation by the Director of the Budget of a change in method in making appropriations by Congress for roads, rivers and harbors, public buildings, and other public works, so that the percentage of the total authorized appropriation to be expended in any one year may be determined by Executive order, based upon the condition of private industry and employment; in years of normal industry a minimum program, in a year of depression a maximum program of public works resulting from previous accumulations being thus effected.

3. Application of the same policy to the public works of States, municipalities, counties, etc., the aggregate of which is about six times the volume of Federal public works. This can be best secured through suggestions from a central Federal agency.

4. Incorporate this central Federal agency as a part of whatever department may in future be charged with the duty of executing public works (Department of Public Works or Interior Department). Pending such legislation the central Federal agency should be immediately formed and temporarily located wherever the President may suggest.

5. Functions of central Federal agency: (a) To advise the President when Federal public works should be expanded or contracted, based upon its studies from statistics collected by other Governmental agencies (Bureau of Labor Statistics, Bureau of Mines, United States Employment Service, Department of Commerce, etc.); (b) to advise the President when the expansion or contraction of local public works would serve a national policy of reviving private industry and checking unemployment or of preventing interference with private industry during periods of normal business; and (c) to suggest methods of synchronizing local with Federal public works for the same purposes.

STATE AND CITY MACHINERY.

State and city agencies are recommended in order to apply the same principles of expansion and contraction to their public works. (For examples, see Emergency Public Works Commission of Pennsylvania; and California Board of Control Plan, created 1921, in "7. Supporting Data," following.)

COMPARISON OF POTENTIAL VOLUME OF PUBLIC WORKS WITH WAGE LOSS IN PRIVATE INDUSTRY DURING YEAR OF DEPRESSION.

Estimates of Otto T. Mallery of the Industrial Board of Pennsylvania measure the lifting power of public works as one-third the deadweight of such a depression as the present. An estimated possible \$1,650 millions of additional public works wages in a year of depression is contrasted with an estimated \$5,000 millions decrease in wages in private industry in a year of depression. (See charts following.)

NECESSITY FOR BEGINNING NOW.

The best time, and possibly the only time, for successfully inaugurating these measures is at once, during the period of depression.

ORIGINAL CHARTS.

(Showing possible good effect of concentrating public works expenditures during period of industrial depression.)

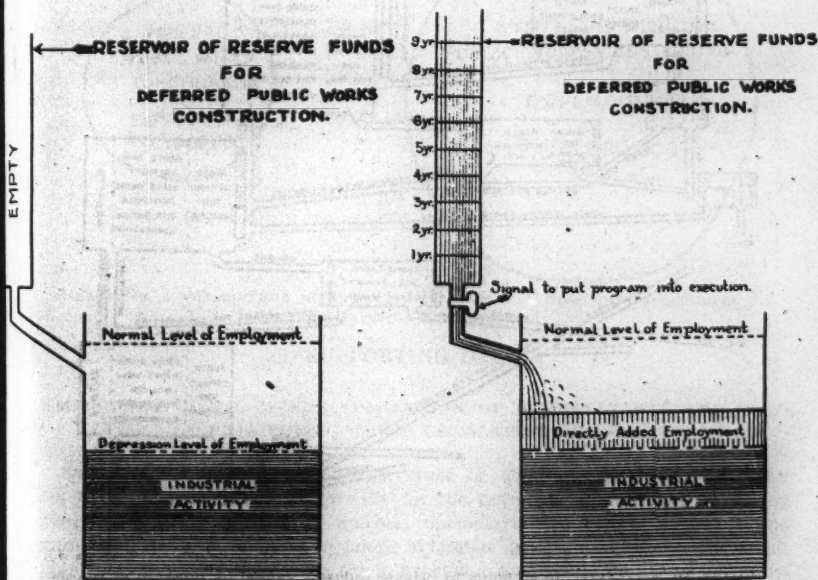


CHART No. 1.—Powerlessness of public works construction as ordinarily conducted to assist industry in time of depression.

CHART No. 2.—Direct effect of a public works reserve in checking unemployment and reviving industry.

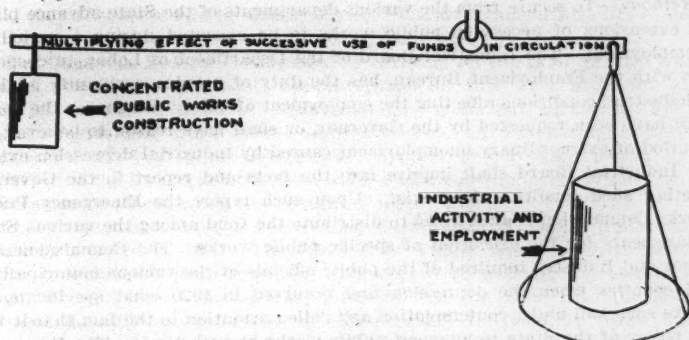


CHART No. 4.—Manifold power of concentrated public works construction to sustain and revive industry.

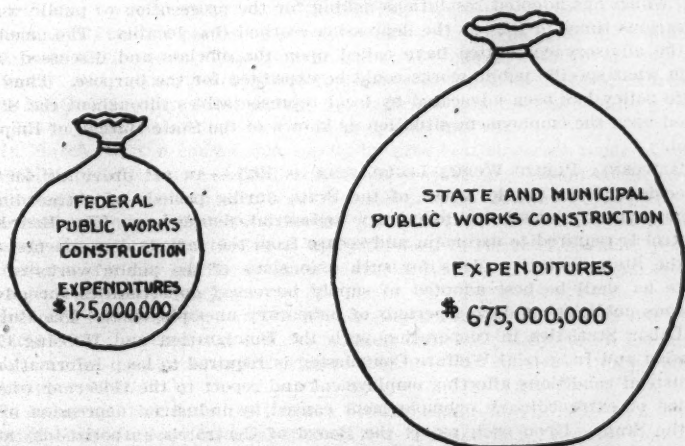


CHART No. 5.—Comparison of Federal with State and municipal expenditures for public works construction.

SUPPORTING DATA.

EMERGENCY PUBLIC WORKS COMMISSION OF PENNSYLVANIA AND CALIFORNIA PUBLIC WORKS LEGISLATION OF 1921.

EMERGENCY PUBLIC WORKS COMMISSION OF PENNSYLVANIA, ACT OF JULY 25, 1917.—*Purpose.*—(a) To provide for the development of public works by the State during periods of unusual unemployment; (b) to persuade the municipalities and counties to adopt a similar policy, and to coordinate all public works within the State; (c) to provide a fund for State use to be known as the Emergency Public Works Fund; and (d) the Emergency Public Works Commission as trustee of the fund.

Personnel.—The governor, the auditor general, the State treasurer, and the Commissioner of Labor and Industry.

Methods.—To secure from the various departments of the State advance plans for extensions of necessary public works to be executed during a period of unemployment. The Industrial Board of the Department of Labor, in cooperation with the Employment Bureau, has the duty of keeping constantly advised of industrial conditions affecting the employment of labor. Whenever the board shall have been requested by the Governor, or shall have reason to believe that a period of extraordinary unemployment caused by industrial depression exists, the Industrial Board shall inquire into the facts and report to the Governor whether such condition does exist. Upon such report the Emergency Public Works Commission is authorized to distribute the fund among the various State departments for the execution of specific public works. The Commissioner of Labor and Industry inquired of the public officials of the various municipalities and counties when the depression first occurred in 1920 what specific public works each had under contemplation and called attention to the fact that it was the policy of the State to augment public works at such times. The Bureau of Employment used an equally effective method to the same end. Each branch of the bureau has a local advisory committee composed of employers, workers, etc., which has adopted resolutions asking for the prosecution of public works at various times in 1921 as the depression reached that locality. The members of the advisory committee have called upon the officials and discussed with them what specific public works could be expedited for the purpose. Thus the State policy has been advocated by local representatives throughout the State, based upon the employment situation as known to the State Bureau of Employment.

CALIFORNIA PUBLIC WORKS LEGISLATION OF 1921.—An act providing for the extension of the public works of the State during periods of extraordinary unemployment caused by temporary industrial depression. The Board of Control is required to ascertain and secure from the various departments, etc., of the State tentative plans for such extensions of the public works of the State as shall be best adapted to supply increased opportunities for advantageous public labor during periods of temporary unemployment. The Bureau of Labor Statistics in cooperation with the Immigration and Housing Commission and Industrial Welfare Commission is required to keep information of industrial conditions affecting employment and report to the Governor when a period of extraordinary unemployment caused by industrial depression exists in the State. Upon such report the Board of Control is authorized to make such distribution of the available emergency fund among the State departments, etc., for the extension of public works of the State under the charge or direction of the State.

EUROPEAN EXPERIENCE (FROM REPORT OF ERNEST GREENWOOD, AMERICAN CORRESPONDENT, INTERNATIONAL LABOR OFFICE, LEAGUE OF NATIONS).

The adoption and organization by the United States of a policy of expanding public works when private industry is slack would bring this country into line with the practices of other important nations, as shown by the following summary:

Great Britain has an extensive program of public works, including a great arterial road scheme about the outskirts of London, half the cost to be paid by the Ministry of Transport and half by a county rate. The work of repairing and reconditioning the main roads is to be expedited. Last fall 19 large towns had also scheduled schemes for the construction of arterial roads, and it was

said that 17 more would be shortly added. The Government also has a number of housing schemes for the stimulation of building.

The Canadian Federal Government is carrying on works of various sorts to aid in providing employment; appropriations for this work aggregate a substantial number of millions. Provincial and municipal authorities are also doing considerable work in the same direction. A Purchasing Commission supervises the buying of Government supplies, and is kept posted by the Director of the Employment Service when a particular industry is slack, so that orders can be placed when employment is most needed.

In France the idea of a better time distribution of public contracts was officially adopted in 1902. The Minister of Public Works advised industrial firms to distribute their contracts with regard to periodic depressions, both in their own, and in the national interests. At the same time the Ministry advised the railway authorities to follow closely the monthly traffic fluctuations as well as commercial, industrial, and agricultural phenomena in order to foresee and cope with periods of traffic congestion. In 1907 an inquiry into the effect of crises upon railways was made by the Minister of Public Works, and it was reported that it was feasible for the railways to distribute their orders over the full period of a trade cycle so as to increase the volume of orders in slack years. This plan would steady employment in an important industry, and railways would find it cheaper to build in years of depression. The Minister in May, 1907, invited the railways to submit a definite program for the purchase of rolling stock over the years 1907-1910.

In March, 1908, a commission set up by presidential decree reported on the possibility of allocation of public contracts, so that they would compensate in some degree for the lack of private contracts during times of depression. The commission reported that the following financial reforms would to some extent remedy the evil: Authorization to carry forward to the next financial year the budget vote for new works; creation of special reserve funds; eventual creation of a general reserve fund.

In Italy, to reduce the number of unemployed on the outbreak of the war in August, 1914, recourse was had, as is traditional with Italy, to an increase of public works. A special credit of 30,000,000 lire was voted for this purpose in September, 1914.

In a statement made by the German Federal Chancellor, in reply to a demand from the trade-unions for measures against unemployment, he said that while the Government recognizes the great importance of the question of unemployment, it is not satisfied with merely allotting unemployment benefit but is always ready to procure work for the unemployed as far as it is possible to do so. During 1920, 1,000,000,000 marks were spent, 400,000,000 of which were spent for productive work for the unemployed. If the sums spent by the various States and communes for the same purpose are included, these figures are doubled.

The Belgian Government has entered upon a number of public works solely for the purpose of meeting the unemployment crisis. It has also set up what is called The National Crisis Fund.

In Switzerland, subsidies to the Cantons for certain works of public utility were provided, as were so-called subsidies for diminished output, intending to cover a portion of the additional expense resulting from the employment of untrained workers. Building is encouraged by subsidies and loans.

In Czechoslovakia, in 1919, legislation was adopted to compel communes and districts to undertake public works, the State paying two-thirds of the normal wages of those engaged.

ON DEFERRING SPECIFIC PUBLIC WORKS.

There is a serious apparent objection to the policy of deferring needed public works during a period of seven to nine years in order to concentrate a larger amount than normal in a depression year. On examination it will be found that no specific piece of public work will be deferred for any such length of time. This may be illustrated as follows:

Suppose that normally the public-works construction of some given community amounts to \$100,000 a year. The community is asked to defer about 20 per cent of this in normal years. The first year, public works to cost \$20,000 are deferred. The construction of this particular public works will not, however, be deferred until the depression year. It will be constructed in the second year, and newly authorized public works to cost \$40,000 will be deferred from the second into the third; to cost \$60,000 will be deferred from the third to the fourth year, and so on. Only after the fifth year would any specific public-works construction be deferred more than one year. The work concentrated in the tenth year would be deferred from no earlier year than the eighth.

PUBLIC HEARINGS ON PUBLIC WORKS, SEPTEMBER 29, 1921.

Henry S. Dennison, manufacturer, of Framingham, Mass., emphasized the necessity of planning public works during periods of active private industry and deferring a percentage of these for execution during periods of unemployment and depression. He stated that during the winter of 1914 the Massachusetts Legislature was unendingly willing, so severe was the unemployment situation after the outbreak of the World War, to appropriate money for public works, but there were almost no public projects planned and ready for the laborer. The State had never faced the situation of preparing in advance for its projects. Consequently little could be done after the emergency arose. A five-year plan means looking that far ahead; making a general survey, estimating, and perfecting the estimate every period of a year or less. Then when a particular piece of work is undertaken it is done with a view of future factors as well as of immediate consideration. By "withholding" work I mean having the engineering and usually the financing work done and deferring certain portions. Withholding during boom times of governmental works—city, State, National—lessens the competition with private industry, which boosts prices to artificial levels, so keen in our

memories. Therefore, public work *should* and can be made to mesh in with private work. When there is no work to withhold, as at present, is the time to study and inaugurate such a policy. The business cycle moves in a 7 to 10 year period from crest to crest, and it is after the collapse—that is to say, now—that preparation must be made for the cycle ahead. The Governor of Massachusetts has recently proposed the policy I am stating, with especial relationship to the cooperation of the towns and cities in a State-wide policy.

In a statement of Col. Arthur Woods, of New York, former police commissioner of New York, assistant to Secretary of War in charge of reestablishment of service men in civil life, 1919, he described the effect of concentrated public works in relieving unemployment and removing discontent and resentment among ex-service men in a northwestern city after the armistice.

William Hard, a writer of Washington, D. C., called attention to the Bureau of the Budget of the Federal Government as an agency overlooking all other agencies:

Flood prevention, reclamation, and canalizing are such tremendous undertakings that one hesitates to advance them, although everyone admits they would be beneficial. Work of that kind could be appropriately done in times of adversity, whereas in times of prosperity it might make too great a demand on the labor supply and be a cause of undesirable inflation. Every conference recommends the accumulation of public work for periods of adversity, but I have never noticed that any responsibility for going ahead with the arranging of it is ever placed by the conference in any particular person.

I should think that it would be very advisable and very feasible for the Conference to recommend to Congress to instruct the Director of the Budget, in the course of his work of preparing the budget, to look over the suggestions that are made by the various departments for public works wholly or in part to be accomplished by the Federal Government, both of the ordinary sorts and of sorts such as the reclamation of swamp lands, the reclamation of cut-over forest lands, the improvement of rivers and harbors, and the development of flood-prevention work. The Director of the Budget overlooking these projects should report to Congress in his budget statement what part of them he would execute this year, and what part he would postpone to future years, and in the meantime accumulating a sinking fund for the purpose of actually getting started upon them the next time a depression came. I should think he might also be properly requested to see what agencies in the Government should make the engineering plans for these projects, whether they should be made by the several agencies, or should be made by a consolidated central agency especially charged with this matter. If it should be a consolidated central agency, I should think it might very well be located in the Bureau of the Budget itself. At any rate, there is the one administrative financial, business center that the United States Government has. Some sort of agency for the State and the municipal governments is equally necessary.

A statement of Edward McGrady, representing the American Federation of Labor, follows:

In 1920 the Federation of Labor adopted a program that we believed would relieve unemployment at once, if adopted. We advocated the building of public roads; we advocated the improvement of the waterways; we advocated the extension and the deepening of the canals; and we advocated a definite reclamation plan for the Government to follow out.

Edgar Wallace, legislative representative of the American Federation of Labor, said that in the reclamation of the arid lands the American Federation of Labor believes that it sees the way to that end. When the civil war ended, the soldiers at that time found a place for themselves in the Far West, and they made homes, and they became the business men, the lawyers, the bankers, and the Senators from those sections of the country they helped to develop. It is possible to-day to develop a new West. I believe that this could be done on deferred interest; that is, that the capital and interest could be repaid when the projects become remunerative. Out in eastern Colorado, Idaho, and western Kansas splendid tracts of land only need water. In the South and Middle West are tracts of swamp land. In the Far West, the forest lands that have been cut over, the stumpage land, the finest land in the world that is so difficult to place in condition to work is available. That would take some capital, more capital than the individual could furnish, to develop this land, make it remunerative, and make it a paying proposition. The American Federation of Labor believes that through reclamation even the man with small means, but he must have some means, will be in a position to place a small capital to advantage to invest even more than his small capital, inasmuch as possibly placing this small capital, a few thousand dollars, into a home that is sure to become productive he would be able to get credit for more than his own investment and make that productive. Homes would be built; railroads would receive the benefit of this development. It would require machinery; it would require clothing. Men would settle on their farms; they would have houses. Small towns would be built, and we believe that it is obvious that that is the way to a return of true prosperity.

Dwight Morrow, of New York, N. Y., stated that the Department of Institutions and Agencies of the State of New Jersey has the general direction of 15 penal and charitable institutions. About half the money annually expended by the State of New Jersey is spent

upon the recommendation of this board. Five years ago the board recommended that the additional construction needed be deferred because the men and material were required for war work. After the armistice plans were made for a number of necessary new buildings. However, there was at that time still so great a demand from private industry for goods and material and a complex economic situation, causing higher prices, that it was determined to defer building until a period of depression. In January, 1921, such a period of depression having arrived, a bill was introduced into the New Jersey Legislature permitting this larger construction to go forward at an estimated cost of \$16,000,000. This bond issue will be voted upon in New Jersey by the people in November, and is an example of the withholding of public work from a period of over-extended private business to a period of unemployment.

In a statement of Burdette G. Lewis, State Commissioner of Institutions and Agencies, State of New Jersey, he stated that it was the deliberate judgment of the State Board of Institutions, made up of representative business, social, and labor leaders of the State, that postponement of the construction program desired should be made in the interest of economy and good administration from the boom period of 1918 and that in 1921 this should go forward because of the state of unemployment and of decreased costs during such a period.

Otto T. Mallery, member of the Industrial Board of Pennsylvania and secretary of the Public Works Committee of the Unemployment Conference, made a statement in behalf of Governor William C. Sproul, of Pennsylvania, that the governor had made a careful survey of the amount of public and private work now under way in Pennsylvania with a view to increasing the amount during the period of unemployment. The governor had also pressed forward a record amount of road building in the State of Pennsylvania during the year 1921, and was in full sympathy with the extension of public works during the period of unemployment and depression. Mr. Mallery read a resolution passed by the Committee on Unemployment of the Mayor of the City of New York, 1914, as follows:

That the President of the United States appoint an interdepartmental committee * * * to inquire into the possibility of regulating Federal expenditures upon more or less permanent improvements so as to provide, except as to regular employees of the United States, a maximum of employment in years of general business depression and a minimum of employment in years when private employers are seeking an unusual number of workers, and that such committee report to the President * * * and that such report be made public.

Mr. Mallory read the following summary of the argument of the above committee:

Our argument may now briefly be summarized:

1. The time to deal with unemployment is when men, generally speaking, are employed.

2. Under existing conditions, periodic trade disturbances involving extensive unemployment occur, on the average, at least once each decade.

3. These trade crises are not inevitable, but are due to deep-seated and fundamental, though remedial, industrial and economic causes.

4. Pending industrial and economic reconstruction, and recognizing the existence, though not the inevitability of cyclical fluctuations in the volume of trade and employment, a preparedness policy is proposed to prevent widespread unemployment and distress, by which public improvements and expenditures, and those of quasi-public bodies, such as the railroads, be planned on a long-term program, say 10 years; that in each normal business year of the decade there be deferred a certain variable percentage of such a public (and quasi-public) expenditures program; that these accumulated deferred improvements and purchases constitute an employment reserve, so to speak, which can be utilized to compensate for decreased private employment due to the lessened demands of private employers.

5. That existence and intelligent use of this employment reserve will, to a greater or lesser degree, dependent upon the extent to which it is applied prevent extensive unemployment from taking place.

6. Unemployment will thus be prevented both directly, through increased public employment and purchases, and indirectly, through an increased stimulus to private business.

7. If an employment reserve approximating 10 per cent, on the average, of the outlays of Federal, State, county, and municipal governments on the acquisition and construction of permanent properties and public improvements, added to a like one-tenth of the annual railroad expenditures for roads and permanent equipment, be erected by means of such a deferred improvements program as has been suggested, there will result, on the most conservative estimate, a fund for use during the 10th year sufficient to employ at least one-tenth of the working population of the country engaged in trade, transportation, manufacturing, and mechanical pursuits, for a period of 12 weeks, at an average weekly wage for all ages and kinds of labor of \$12 for males and \$7 for females.

8. The proposal to defer public expenditures does not mean that all such expenditures shall be forced into a decennial program, nor does it suggest this practice to the railroads. On the contrary, it concedes that public business must take precedence over any attempt to utilize public expenditures (or those of quasi-public bodies) to prevent unemployment. The great bulk of public expenditures would be made as at present.

9. The purchases and improvements set aside under this plan would be made exactly as is customary in the most efficiently administered governmental departments, and would not be in the nature of relief works to employ the unemployed.

10. In accelerating or retarding public improvements and purchases no deviation is proposed from accustomed methods of employment at regular wages, regular hours, and under whatever safeguards heretofore have been adopted.

11. Finally, the proposed program is recommended with a view to preventing unemployment before rather than relieving it after it has occurred. This program would be much assisted by the further development of public machinery to give warning of decreased private demand for labor, and of an efficient system of public employment bureaus to organize and correlate the demands of private employers and public departments.

Part V.—CONSTRUCTION, TRANSPORTATION, AND MINING.

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CONSTRUCTION.

MEMBERS OF COMMITTEE ON CONSTRUCTION INDUSTRIES.

Gen. R. C. Marshall, jr., Chairman.	Bascom Little.
John M. Gries, Executive Secretary.	William M. Ritter.
Winslow B. Ayer.	Sanford E. Thompson.
Edwin H. Brown.	Ernest T. Trigg.
John Donlin.	F. T. Miller, Adviser to Committee.
John H. Kirby.	

BRIEF REPORT ON CONSTRUCTION ADOPTED BY THE CONFERENCE SEPTEMBER 29, 1921.

[Reprinted from Part I.]

The greatest area for immediate relief of unemployment is in the construction industry, which has been artificially restricted during

and since the war. We are short more than a million homes. All kinds of building and construction are far behind national necessity. The Senate Committee on Reconstruction and Production, in March of this year, estimated the total construction shortage in the country at between ten and twenty billion dollars. Considering all branches of the construction industries more than 2,000,000 people could be employed if construction were resumed. Undue cost and malignant combinations have made proper expansion impossible and contributed largely to this unemployment situation. In some places these matters have been cleaned up; in other places they have not and are an affront to public decency. In some places these things have not existed; in others costs have been adjusted. Some materials have been reduced in prices as much as can be expected. Where conditions have been righted, construction should proceed, but there is still a need of community action in provision of capital on terms that will encourage home building. Where the costs are still above the other economic levels of the community, there should be searching inquiry and action in the situation. We recommend that the governors summon representative committees, with the cooperation of the mayors or otherwise as they may determine, to (a) determine facts, (b) to organize community action in securing adjustments in cost, including removal of freight discriminations, and clean-out campaigns against combinations, restrictions of effort, and unsound practices where they exist, to the end that building may be fully resumed.

REPORT OF THE COMMITTEE ON CONSTRUCTION INDUSTRIES.

[Adopted by the Conference on Oct. 12, 1921.]

OCTOBER 12, 1921.

The Senate Committee on Reconstruction and Production in March of this year estimated the total construction shortage in the country at between \$10,000,000,000 and \$20,000,000,000.

During the World War private construction and construction of every nature not contributing to war purposes were prohibited. After the signing of the Armistice, high costs prevented the resumption of genuine construction activities.¹ The investing public in this field has not had confidence in the stability of values; they have not been able to determine if and when the cost of construction has reached a point warranting their investment. A return of confidence in values in construction will assure more employment than in any other field of industry. Considering all branches of the industry, more than 2,000,000 people could be employed if construction would be resumed.

¹ See table of material prices in Appendix B, Part I.

TO SECURE CONFIDENCE.

There are three outstanding factors in the building and construction situation which have the greatest bearing on the resumption of construction activities. They are financing, material costs, and labor costs. These factors present questions which can not be settled in a national way; they must be investigated by those interested in each community for itself. The questions are:

(a) Can the prospective investor finance the operation at a reasonable cost?

(b) Does the cost of construction materials to the prospective investor properly represent the reduction which has been made in the wholesale prices?

(c) Is labor in the particular locality working at fair rates and giving fair value in the quantity and quality of work done?

If local conditions prove satisfactory, there is no reason why construction work should not proceed immediately. This is especially true of persons contemplating the building of their own homes, who are now paying rentals based on inflated values. That this fact is being realized is shown by current statistics. During the month of September of this year residential building amounted to 39 per cent of the total valuation of contracts awarded in that portion of the country north of the Ohio and east of the Mississippi Rivers.²

FINANCING.

Money must be made available on reasonable terms and in reasonable volume and free from demands for bonuses and commissions of a questionable character.

The savings deposits of the people are the natural economic source of loans for home building. The aggregate is ample for this purpose, even though a portion is protected by adequate investment in more liquid securities to meet withdrawals. There would be no difficulty in the financing of homes if the fundamental principle of the use of long-term deposits for home-loan and long-term purposes were generally followed.

In every section of the country owners have declined to start new projects on account of the financing charges, both the interest rate and the commissions and premiums paid for floating loans being discouragingly high. Commissions and premiums varying between 10 and 20 per cent have been charged in addition to from 7 to 8 per cent interest. For example, before the first work of construction was begun the owners of an apartment house were required to pay for the million and a quarter involved an interest rate of 7 per cent, a bond premium of $1\frac{1}{2}$ per cent, and a floating charge of 10 per cent, making

² F. W. Dodge Co.'s building statistics for September, 1921.

a total financing charge of 18½ per cent. The financing charge of a subsequent loan of \$250,000 for the same structure was \$75,000. This is a charge of 30 per cent. It is doubtful whether the margins received by the architect, the contractor, and by all the producers in the basic industries involved aggregated a sum equivalent to these financing charges. When an owner must pay such a sum before construction work even starts, many projects have necessarily been abandoned in the face of a continual need and demand for building.

While excessive financing charges for building have not been exceptional, many savings banks, trust companies, and insurance companies have maintained a conservative loaning policy with regard to real estate and home building, and the building and loan associations of the United States with their two and a half billion dollars of assets, have been conducted with exceptional efficiency. Underlying the whole matter of the financing of construction there is, however, the sound banking principle that long-term deposits and the savings accounts of the people should primarily be used for long-term purposes and should not be intermingled with speculative and commercial business.

MATERIAL COSTS.

Prices of many construction materials have been substantially reduced.³ Some may have been reduced to a point which is retarding production. It is apparent, however, that the prices of other construction materials have not yet been reduced in keeping with the trend of wholesale prices on other commodities. Manufacturers of such materials should be urged to make their readjustments promptly to a reasonable basis. They must realize that failure on their part to do so is not only limiting their own business but it is also interfering with the production and sale of other construction materials; it is interfering with greater employment. In a word, it is a contributing factor to holding back the progress of the entire industry.

In many instances retailers of construction materials have not yet followed the reduction of manufacturers and wholesalers in their resale prices. This is an important subject to be taken up locally in each community. The retailers must be shown the necessity of bringing their prices to local buyers down to a point consistent with the reductions made in wholesale prices, after taking into consideration increases in freight rates or legitimate increases in cost which exist in other directions.

LABOR COSTS.

This can not be regulated by national action. The cost of living, rentals, and working conditions differ in various communities.⁴

³ See Appendix N.

⁴ See Monthly Labor Review, U. S. Bureau of Labor statistics.

Where fair wage adjustments have not been made construction is held up. Such conditions should be dealt with fairly and frankly between employer and workmen and reasonable readjustments promptly made.

Approaching this subject, we believe that the employer should not permit the wage of his workmen to go below that point at which it not only provides sufficient income to take care of the necessities of life, but also enough to enable the family to educate the children properly; to provide reasonable comforts and conveniences; and to permit systematic savings, even though small. In the comparison of wages for building artisans with those of other industries due allowance should be made for seasonal unemployment.

The workman, on the other hand, should deliver maximum production with proper interest in the welfare of the business out of which his wages are paid and should eliminate restrictions and measures which tend to interfere with his production or with the production of others. The stoppage of work from jurisdictional controversies in the construction industry should be permanently abandoned as detrimental to the public welfare.

UNFAIR PRACTICES.

The continuation of unfair practices is a factor contributing to high costs in some localities.

Notwithstanding the improvements which have taken place in some instances with respect to the practices in the industry, it is apparent that there still exist trade abuses, waste, and unnecessary expense. It is a first essential of the proper development of the construction industry on a sound basis that all practices which unnecessarily retard the work or add to its cost should be immediately discountenanced and abandoned, if the confidence of the public is to be fully restored.

There are certain restrictions or limitations which were placed upon the industry during and since the war which should be removed.

REDUCTION OF FREIGHT RATES.

This group recognizing that transportation problems are not within its peculiar province desires, nevertheless, to express the conviction that every reasonable step should be taken necessary to enable the railroads to resume their customary activities and to reestablish efficiency, economy, and regularity in transportation service.

Readjustments of and reductions in freight rates on construction materials are essential to a sustained revival of building activity. Increases in rates on construction materials imposed during the war left the construction industry under a relatively heavier handicap

of increased transportation costs than had been imposed on most other commodities.

To this war-time increase in freight rates has since been added an increase of 25 to 40 per cent, thus perpetuating and even magnifying the effect of the war-time policy of restricting general construction activity.

The construction industry can not function effectively under a freight rate fabric artificially distorted by the continuation of restrictive war measures. A great economic waste would be incurred if, because of failure to reduce and readjust freight rates, existing plants for the production of construction materials had to be abandoned and a new alignment of producing facilities established in accordance with the present rates, a fabric originally designed, in the public interest, to discourage the very thing which, in the public interest, the Government now desires to encourage; that is, the normal operation of industry. The financial burden of such a readjustment of plants would have to rest ultimately upon the public, and its necessary effect would be to curtail existing competition and to limit the radius of distribution of many of the construction materials.

In addition to such readjustment of freight rates on construction materials as will permit construction activity, freed from unnecessary artificial restriction, it is urged that such inequalities as may after such general readjustment exist in the rates on various construction materials be investigated and removed by the Interstate Commerce Commission. We suggest the consideration of the practicability of encouraging during winter months the transportation of materials used in road and other construction work, thus utilizing transportation equipment which might, perhaps, otherwise remain idle.

BUILDING CODES.

The development of the art of building through the adoption of new and economical scientific methods of construction is retarded throughout the country by the building codes of the various municipalities, which differ radically as to floor loads, wall thicknesses, and other elementary requirements which should be comparatively uniform, climatic conditions excepted. It is the opinion of competent authorities that as much as 20 per cent would be saved in certain cities by the adoption of building codes based upon modern scientific knowledge. The codes of nearly 40 of the cities and municipalities are now in the process of revision. The Secretary of Commerce has appointed a committee of recognized experts to study the principles upon which the building codes may be standardized, which committee is cooperating with the building officials in the various munici-

palities. A material saving in the yearly expense of city building may be hoped for through investigation and cooperation along these lines.

STATISTICS.

There is a definite need for statistics properly coordinated, accurately prepared, and furnished promptly, affecting production, capacity, and distribution of basic materials in the construction industry. The present confusion and limited information through handling by several departments are causing unnecessary expense to the Government without giving complete data and service to the public. Arrangements should be made as promptly as possible, so that such statistics can be furnished by the proper department.

RECOMMENDATIONS.

It is recognized that the construction industry is a key industry, that there is a vast amount of construction needed, and that this construction work would afford employment to a large number of men directly and indirectly and would result in the creation of permanent and useful wealth, translating wasting labor into earning capital.

To meet the present unemployment emergency and to make renewed activities in the construction field possible does not require special concessions to the industry, but it does require a complete and prompt removal of unnecessary handicaps, restrictions, and limitations, both direct and indirect, these including credit, freight rates, priorities, undue costs in relation to labor and materials, wasteful building codes, and the like.

In the resolutions adopted at the Conference on Friday, September 30, 1921, the governors of the several States were requested to summon representative committees with the cooperation of the mayors or otherwise to—

(a) Determine facts.

(b) Organize community action to secure adjustments in costs, including removal of freight discriminations, and clean-out campaigns against combinations, restrictions of effort, and unsound practices where they exist, to the end that building may be resumed.

It is recognized that this request of the governors must be followed up by suggestions of a practical workable nature, which will enable the administrative officer in each State to carry out the suggestion promptly and in the most satisfactory manner. It is recognized, also, that to secure the elimination of restrictions and limitations which have been placed on the industry, as previously referred to, intelligent and sustained effort must be put into the situation.

It is therefore recommended that Secretary Hoover, in continuation of the policy of the creation of local organizations inaugurated by the Department of Commerce, the National Federation of Construction Industries, the U. S. Chamber of Commerce, etc., appoint a committee selected from the various elements interested in construction, such as financiers, labor, engineers, architects, contractors, material manufacturers, and others to be known as the Committee on Construction Development, which will be charged with the responsibility of preparing and making effective plans for—

(a) Cooperation with the governors and mayors in the several States in carrying on community conferences on construction, to the end that local restrictions may be eliminated, abuses done away with, and proper local attention given to the efficient planning and development of construction work, as it is only through such community conferences that the local situation can be properly appraised.

(b) The prompt removal of unnecessary or inequitable limitations and restrictions which have retarded real construction activity.

Such committee to use agencies and to adopt such plans for conducting its work as may seem to it best, in cooperation with the Secretary of Commerce. The work of such local committees as have already been organized in the country have had a profound value in readjusting the construction situation, and the time is ripe for their more definite and extensive organization.

APPENDIX N.—WHOLESALE PRICES OF BUILDING MATERIALS.

[Bureau of Labor Statistics Report. Not acted upon by the Conference. 1913 average prices=100.]

Commodity.	Peak prices.		Index.	
	Date.	Index.	August, 1921.	September, 1921.
Building material index.....	Mar., 1920	310.0	156.1	158.9
Brick, common, Chicago.....	Oct., 1920	251.1	172.0	171.0
Gravel, New York.....	June, 1920	340.4	255.0	255.0
Hollow tile, Chicago.....	June, 1920	236.9	148.0	145.0
Lime, common, average.....	Oct., 1920	285.8	220.3	220.8
Portland cement, Buflington, Ind.....	Sept., 1920	200.9	175.0	164.0
Sand, New York.....	May, 1920	302.5	252.0	252.0
Bars, reinforcing, Pittsburgh.....	July, 1917	327.1	152.6	127.0
Nails, wire, Pittsburgh.....	Jan., 1920	252.9	156.7	163.0
Structural steel, Pittsburgh.....	June, 1917	331.0	122.5	122.5
Douglas fir No. 1, mills.....	Jan., 1920	407.3	114.0	114.0
Hemlock, New York.....	Feb., 1920	235.3	153.8	153.8
Lath, spruce, New York.....	Jan., 1920	396.8	204.2	215.9
Red cedar shingles, mills.....	Feb., 1920	346.8	127.1	155.6
White oak, New York.....	Mar., 1920	379.6	198.0	198.0
Yellow pine flooring, Hattiesburg.....	Feb., 1920	455.0	141.0	155.4
Plate glass, New York.....	Aug., 1920	329.5	253.5	263.5
Window glass, New York.....	Aug., 1918	295.2	231.0	231.0
Linseed oil, New York.....	Aug., 1919	480.4	160.7	161.2
Putty, New York.....	Jan., 1920	226.4	198.0	198.0
Turpentine, New York.....	Apr., 1920	601.8	147.9	167.7
White lead, New York.....	Mar., 1920	229.3	181.2	181.2

TRANSPORTATION.

MEMBERS OF COMMITTEE ON TRANSPORTATION.

Edgar E. Clark, Chairman.

W. S. Carter.

Raymond A. Pearson, Vice Chairman.

Clyde L. King.

Charles P. Neill, Executive Secretary.

C. H. Markham.

PERMANENT MEASURES AFFECTING TRANSPORTATION.

[Adopted by the Conference on Oct. 11, 1921. Reprinted from Part I.]

Readjustment of railway rates to a fairer basis of the relative value of commodities, with special consideration of the rates upon primary commodities, at the same time safeguarding the financial stability of the railways.

Settlement of the financial relationships between the Government and the railways, having in mind the immediate necessity for increased maintenance and betterments, making effective increased railway employment and stimulation of general employment, in order that the railways may be prepared for enlarged business as it comes.

REPORT OF COMMITTEE ON TRANSPORTATION.

[Adopted by the Conference on Oct. 13, 1921.]

As to the facts of unemployment in railroad transportation service, the committee has had before it certain figures furnished to the Committee on Statistics by the Interstate Commerce Commission, and further figures prepared by the Bureau of Railway Economics, and certain other figures filed with the committee by representatives of the employees and prepared by the Statistical Bureau of the United States Railroad Labor Board. The Interstate Commerce Commission figures show, taking the average number of employees of Class I, steam roads, for the calendar years from 1916 to 1920, inclusive, that there was a steady increase in the number of employees during each of these years over the year preceding. Using only thousands and beginning with 1916, there were 1,647,000 employees; in 1917 the number increased 86,000, in 1918 there was an increase of 105,000, in 1919 an increase of 70,000, and in 1920 another increase of 105,000, making the total number of employees for the year 1920 2,012,000. During the first six months of 1920 there was unusual steadiness

in employment, there being in January 2,000,105 employees and in June 2,056,381.

During the six months the fluctuations above and below the average for the year did not exceed 50,000 on either side, or a variation of only about $2\frac{1}{2}$ per cent above or below the average for the year. The number of employees increased very materially during July, August, September, and October, 1920, as during these months transportation was steadily on the increase, as shown by weekly freight-car loadings. In November business began to fall off, and the decrease was marked in December. During November and December railroad employment began to decline. In January, 1921, there were 125,000 less men on the pay roll than in January, 1920, and 250,000 less men than in June, 1920. The reduction of employees continued through February and March, 1921, and reached its peak in April, 1921, there being 128,000 less men on the pay roll in February, 1921, than in January of that year; in March 83,000 less than in February, and in April 50,000 less than in March. In 1921 there were 410,000 less men on the pay roll than in April, 1920. There was a slight increase in the number of men on the pay roll in May and June, 1921, as compared with April, 1921, May showing an increase of 33,000 over April and June showing an increase of 11,000 over May; but even with these slight increases over April, 1921, June showed 470,000 less men on the pay roll than June, 1920.

The figures of the Interstate Commerce Commission give the number of men in totals but not classified, while the figures from the Statistical Bureau of the Railroad Board showed the number out of employment by classes. The figures submitted by the Labor Board, however, compare March, 1921, with August, 1920.

In considering comparison between these two dates it must be borne in mind that employment in the largest numerical group of railroad employees—that is, maintenance of way and unskilled labor forces—is probably very near the minimum in the month of March and near the maximum in the month of August.

Using these dates the Railroad Labor Board figures show a little over 600,000 more men on the pay rolls of the Class I roads in August, 1920, than in March, 1921. As the result of the months chosen, however, of the total number of men out of employment over one-half of them are embraced in the single group designated as maintenance of way and unskilled labor forces, there being a little over 307,000 less in March, 1921, than in August, 1920.

In group 4, shop employees, there were over 135,000 more men on the pay rolls in August, 1920, than in March, 1921. These two groups alone, therefore, represent over 70 per cent of the total amount of unemployment in railroad service, if March, 1921, and August, 1920, be taken as a basis of comparison. The figures as between these two

months further subdivided show that of section men alone there were over 191,000 less employed in March, 1921, than in August, 1920. As these two months would, under normal conditions, show nearly the maximum in the annual seasonal fluctuations of section forces, 600,000 less men on the pay rolls in March, 1921, as compared with August, 1920, reflects cumulative effects of unemployment due to the inevitable annual seasonal fluctuation in the number of section men and other unskilled labor forces, together with the further reduction in forces due to the present acute depression. Comparing, however, the same month in 1921, with 1920, the latest figures available, those for the month of June, showed very nearly 500,000 men off the pay rolls in railroad service, this being nearly 25 per cent of the total number employed in June, 1920.

The figures above discussed are pay-roll figures and show, as stated, the number of men actually off the pay rolls on the date on which the figures were gathered. This, of course, is not the full measure of unemployment. It rather reflects total unemployment with a consequent wiping out of the entire income from wages of those who have been dropped. We have to recognize frankly that there is a further degree of unemployment in railroad service as in other service, due to the fact that many employees are working only part time, with a consequent diminution in income. In the railroad service this partial unemployment in the shop crafts is brought about by the entire closing down of the shop for short periods or for certain days in the week while working the full day at other times. In the direct work of transportation carried on by engine and train men this partial unemployment is reflected in a different way, for while the reduction in the volume of traffic would lay off a certain number of these employees it also spreads the opportunity for employment for those who remain more thinly among them, so that all of those who remain in what is known as "Pool service," which embraces a large majority of those in direct transportation service, suffer diminished earnings through diminished opportunities for actual employment.

Two very different elements enter into the causes of this present unemployment in railroad service. On the other hand, tens of thousands of engine, train, and yard men, and clerical and station forces are without employment and off the pay rolls because the railroads have no work to offer them. By reason of the general stagnation of business the work is not there to be done; and even if the railroads were fortunate enough to have on hand available funds, this would not create employment for the class of employees just referred to. But in the case of many classes of employees in the maintenance of way and maintenance of equipment departments, the situation is markedly different. The work is actually there and waiting to be done, and the reason that many of the employees

who are now idle and earning nothing are not at work on the jobs that are there is because of the financial inability of the railroads generally to undertake the work that is waiting.

A very considerable amount of renewal and repair work in both the maintenance of way and the maintenance of equipment departments that would under normal circumstances have been done currently has been steadily deferred because of lack of available funds to purchase supplies and to meet the pay rolls for such work; and this deferring of work, with its direct consequence of unemployment, is still going on. The extent of it is indicated by figures prepared by the Bureau of Railway Economics. In June, 1920, the total number of "bad order cars"—that is, cars out of service and awaiting repair or reconstruction—was 170,493. Their number remained practically stationary until the end of 1920, it having risen only to 182,000 in December of that year.

As already stated, business had fallen off sharply from October to January, being only 683,652 as against 995,093 in the previous October. In January repair and construction work accordingly began to be deferred and the number of bad-order cars mounted steadily, until in June, 1921, it stood at the enormous number of 341,337. This postponement of repair work has continued until in September the number of bad-order cars had mounted up to 374,087, which is nearly three times the proportion of cars normally in bad order.

It is, therefore, perfectly obvious that there is a large amount of work in railroad service actually ready and waiting to be started, and could be started as a practical and effective unemployment measure the moment funds become available to purchase supplies and reemploy the men now waiting idle and anxious at the gate.

This committee, therefore, recommends that this Conference urge upon Congress the immediate passage of a bill such as Senate bill 2337, as a very obvious and direct means for the immediate reduction of unemployment in railroad service. The discretion now vested by law in the President should not be restricted, but, inasmuch as the funding provided for in the plan proposed in that bill is here recommended as insuring relief to unemployment, it is suggested that it would not be inconsistent to make such funding conditioned in proper cases upon the expenditure of the funds in such channels as will increase employment.

As the committee understands the bill referred to it is not a provision for a gift by the Government to the carriers, as appears to be believed by many who are misinformed. Very few railway companies have been able to pay out of current earnings for additions and betterments chargeable to capital account. The compensation that the Government agreed to pay for the use of the carriers' properties was measured by their respective net railway operating in-

comes for the test period. It was therefore essentially current earnings. If the expenditures made by the Government for additions and betterments chargeable to capital account are deducted from the compensation due to the carriers, the effect is to force payment for such items from current earnings. That necessarily depletes in important measure the funds that should be available for maintenance and causes deductions in working forces and undesirable deferring of needed maintenance work. This is reflected in the statistics of the bad-order cars. If the Government now funds the sums of money expended during the Federal control for additions and betterments chargeable to capital account under proper security, it will simply do for the carriers in connection with these expenditures made by the Government while it had full possession and control of the properties that which is ordinarily done by the banker and the investor.

For that part of the unemployment among railroad employees due to the general business depression a very different type of remedy must be sought. The degree of employment or unemployment in railroad service is peculiarly sensitive to general business conditions. Depression in any particular line of production or commerce immediately reflects itself in the volume of transportation derived from that source, and when a condition such as the present exists, with depression in most if not all lines of business, the resulting railroad unemployment bears a direct relation to the extent of the general depression. It is obvious, therefore, that any reduction of the unemployment in the railroad service that is due entirely to the lack of demand for transportation can only be brought about to such extent and with such promptness as there is a revival in business either in certain lines or in all lines.

Increases in activity in road building and other forms of public construction work by the Nation, States, and municipalities will increase the demand for railroad transportation and to that extent decrease unemployment in railroad service, and we assume that the ways and means to bring about the stimulation of this public construction work will be discussed in the reports of the special committees dealing with these topics. This committee, however, recommends that the Conference also urge that all railroads that are in a condition to do so should at once increase their maintenance, repair, construction, and other kinds of work to the very fullest extent possible in order that the railroads themselves may contribute just as far as they can to increasing the opportunity of employment.

This committee, however, fully appreciates that even if all forms of public work should be pushed to the limit it would still only partially remedy the present unemployment in railroad service. Nothing short of a general revival of business can stimulate the demand for transportation to an extent that would furnish re-

employment to the various classes of railroad employees who are now off the pay roll and are waiting for the pick-up in transportation to furnish them again the opportunity to earn a livelihood. It seems therefore logical and proper for this committee to offer certain suggestions to the Conference dealing with the reviving of industry in general. There can be no general resumption of business so long as the "buyers' strike" continues unabated.

So long as the public restricts its purchasing to the minimum in the belief that later it can purchase at lower prices, or because of a vague fear that the future is uncertain and that it must husband its purchasing power against unforeseen developments, just so long will the present distressing depression not only continue but probably grow in volume and intensity. There can be no marked resumption of business and no appreciable start toward a restored prosperity unless and until we all face the future with courage and confidence and deliberately and consciously throw aside our present policy of postponing all except essential purchasing and begin to buy freely and generously. It is inevitable that our domestic conditions will feel the effect of that aftermath of the war which has prostrated Europe and destroyed the market which we had always had there, but the natural doubt and timidity as to the future which these conditions have created in the United States has brought about a condition of acute distress in our domestic affairs which is now beginning clearly to show itself, with the certainty that it will rapidly spread unless we resolve that by conscious effort we will bring about such resumption of prosperity as we can.

In the face of the present depressed conditions every individual should be willing to make some sacrifices for the general good in the same patriotic spirit as most of our citizens made them under the stimulus of war necessities. A patriotic and civic spirit in each individual is just as necessary for the common good in time of peace as in time of war, and it should not be cast aside with the cessation of hostilities. We should, further, frankly recognize and assimilate the changed ideals, conditions, and attitudes of mind that were born of the war and that will persist. Our ideals of democracy and of liberty are the object of attack and assault in times of peace from enemies that are as dangerous and more insidious than an armed foe. We must meet such attacks with the same patriotic devotion and sacrifice that we would contribute to the support of our naval and military forces in time of war. It should be further frankly recognized that any long continuance of the present situation is playing directly and very effectively into the hands of these forces of demoralization.

Although, even at the best we can expect, our domestic business conditions will inevitably reflect in some degree the general world

prostration, and while we can not hope by and of ourselves to restore the fullest measure of prewar prosperity we could, if each of us individually would regard it as his duty and would determine without delay to "buy till it hurts," create a condition of business which compared with the present would represent a marked degree of prosperity.

The preliminary recommendations of the Advisory Committee point out that manufacturing for stock and rotation of employees would each tend to alleviate the growing evil of unemployment. Producing for stock wherever at all possible would certainly tend to lessen unemployment, but it carries with it hazards and possibilities of loss to the individual producer. Rotation of labor forces would relieve those more acute cases of distress due to entire unemployment, but it merely distributes the burden of the present situation more widely amongst wage earners, increases partial unemployment, and does not appreciably decrease the sum total of unemployment. It is unfair and would, therefore, probably be futile for the Conference to appeal to the employing and wage-working groups of the public to assume voluntarily the risks or make the sacrifices involved in the remedial measures above referred to if each of those in the other groups constituting the consuming public has an eye single for his own selfish interests and deliberately postpones, as far as he can, purchases he is in position to make, in the belief, if not in the hope, that by such action he can bring on a period of "bargain days" during which he can "stock up" much to his own advantage.

The committee therefore recommends to the general body of the Conference that it urge upon the public the policy of immediate general buying as a patriotic duty; that it formulate a program to direct such buying, as far as it may be practicable, into the lines where unemployment is most serious; and that it also formulate or suggest a program under which individual communities may create organizations to guard against the possibility of sellers taking advantage of the new activity of purchasers to push up prices or to make undue profits out of a movement involving much of individual sacrifice and growing out of a sense of patriotic duty.

In discussing the revival of business as it affects transportation service, we can not lose sight of the fact that farmers represent some 40 per cent of the total population; that because of the reduction in price of what farmers have to sell, as compared with what they have to buy, there is a very large proportion of them who are financially prostrated and whose purchasing power is reduced almost to the vanishing point. The farmer has borne an undue share of the burden of deflation, and until this large and important element of the public finds itself in better financial condition and able to

come into the market as buyers there can not be a full resumption of business or of transportation activities.

The committee, therefore, recommends and suggests that if its recommendation for the resumption of buying be adopted by the Conference and a plan devised to direct such buying, special effort be made to direct such buying in a way that will bring relief to the fullest extent possible to the farming interests.

E. E. CLARK,
CHARLES H. MARKHAM,
RAYMOND A. PEARSON,
CHARLES P. NEILL,

Executive Secretary.

I concur in the foregoing report with the inclusion of the following: Inasmuch as this Conference has been called by the President for the sole purpose of relieving unemployment, we also recommend that in the disbursement of the funds advanced to the railroads as provided in Senate bill 2337, the railroads should be required to devote practically the entire sum so appropriated to the purchase of labor and material for maintenance of way and structures and for maintenance of equipment, and that the maintenance of equipment be performed in the shops of the railroads to their capacity, thus insuring the expenditure of the money so appropriated in the reemployment of railroad labor.

W. S. CARTER.

**EXCERPT FROM REPORT OF THE ECONOMIC ADVISORY
COMMITTEE ON TRANSPORTATION, AS SUBMITTED TO
THE COMMITTEE ON TRANSPORTATION SEPTEMBER
26, 1921.**

In providing for the payment of any sums due to railroads by the Federal Government or in any advances or loans to the railroads that may be made by the Federal Government a condition should be attached that would make such funds immediately available in greater part only for new construction, repairs, and outlays that would increase the demand of the railroads for labor and materials, and thus augment general employment and revive industry.

MINING.

MEMBERS OF COMMITTEE ON MINING.

John D. Ryan, Chairman.

David L. Wing, Executive Secretary.

John T. Connery.

W. K. Field.

John L. Lewis.

Sam A. Lewisohn.

John Moore.

E. M. Poston.

John P. White.

Miss Mary Van Kleeck.

RECOMMENDATIONS OF THE COMMITTEE ON MINING, OCTOBER 13, 1921.

[Received but not acted upon by the Conference.]

BITUMINOUS COAL.

1. As our bituminous-coal deposits are ample and the developed mine capacity is far in excess of the country's bituminous-coal requirements, therefore safeguarding the public's coal supply is mainly a question of car supply and transportation.

2. As the preferential car supply was permitted to exercise its evil influence in 1920 with most disastrous results to our people, your committee respectfully recommends that the Esch-Cummins Act be hereafter rigidly enforced, to the end that there shall be no preferential use or assignment of railroad cars in the coal industry. This practice has been condemned as an evil by the Fuel Administration in 1918, by the Presidential Coal Commission in 1920, and is prohibited by the Esch-Cummins law, all recognizing that it results in reducing coal costs to users of the preferential fuel cars only, and thereby unduly increases the cost of coal to the remainder of the coal-consuming public who do not enjoy the use of the preferential car. It has the further baleful effect of increasing both unemployment and irregularity of employment at the mines not enjoying the use of the preferential fuel cars, all resulting in the unnecessary pyramiding of coal costs upon all coal consumers.

3. As an aid to present unemployment, as a substitute for the assigned car and to avert the peak load at bituminous coal mines, your committee, therefore, further recommends that this Conference memorialize the Committee of Railroad Executives and ask that they gradually accumulate and maintain along their lines of railway throughout this country a quantity of bituminous coal sufficient to take care of their requirements for a period of at least five months,

as that quantity should provide for their requirements over any reasonable emergency that may arise, and permit the remaining fuel consumers to fully employ our transportation facilities.

4. Your committee further recommends that this Conference memorialize Congress to the effect that the railroads be paid all moneys now owing them by the Federal Government.

5. Your committee further recommends that the per diem charge made by railroads for cars used off their lines be materially increased and enough so as to insure their prompt return to the owning railroad, thereby materially increasing transportation facilities.

SUMMARY OF THE REPORT ON METAL MINING.

Your committee finds a very large percentage of unemployment in the metal-mining industry, due in the largest degree to the serious slackening of demand for the products of that industry. This slackening of demand is due to various causes, including the foreign situation. One of the greatest importance is stagnation in the building industry, which consumes the product of iron, copper, lead, and zinc mines in times of normal building activity to an extent which makes it a vital factor in consumption of these metals.

The revival of the building industry would quickly lead to a marked decrease in unemployment in mines, and in turn create a demand for the things needed and desired by the employees in the mining industry.

APPENDIX O.—REPORT ON METAL-MINING INDUSTRIES.

IRON ORE.

The States of Minnesota, Michigan, Wisconsin, and Alabama furnish the great bulk of the iron ore used in the iron and steel industry of the country. The first three States can be considered as one district, as the conditions in them are affected in the matter of unemployment by much the same factors, and the operations are largely the same in all these States.

The number of men employed in these three States is not far from 60 to 65 per cent of normal, the largest operations being conducted on a part-time basis, allowing the men employed to work a sufficient time to provide wages enough to secure for themselves and their families the necessities of life, and employment is given generally only to married men or those with dependents.

The smaller mines are in most cases closed, and the number of men employed in them is confined to the few necessary to keep them unwatered and in condition to resume operations without serious delay or loss which would result from neglect.

There has been a great deal of road building in these districts, and considerable employment has been furnished in this work. The coming of winter will greatly aggravate the situation, as iron mines are not likely to increase or resume operations after the season of navigation on the lakes.

It is the opinion of your committee that the operators and public authorities in these districts should be commended for what they have done in adopting these measures to prevent actual distress among the employees and the employees' families.

Alabama.—According to the statistics furnished by the Bureau of Mines about 4,500 miners and 2,000 furnace workers were idle in the Birmingham district in September, this number being nearly 75 per cent of the number normally employed. Additional forces have recently been employed, but to what extent the number of unemployed has been affected can not be determined by this committee. We have not been able to learn what steps have been taken to adopt part-time work or whether the workers have been able to find work on public improvements or in lines other than mining.

COPPER MINING—MILLING AND SMELTING.

The principal districts in this branch of the industry are in Michigan, Montana, Arizona, Utah, and New Mexico.

Michigan.—About 75 per cent of the normal production in this copper district has been cut off by the closing of mines in March and April of this year. Several of the producing mines are operating, employing about 30 per cent of the men normally at work in the district. The mines at work are owned by companies not interested in the mines closed, and the communities are separated so that part-time work has not been adopted, except in some of the larger mines that being idle have only pump men and repair men to put on that basis. The mines working are generally located at such a distance from the idle miners' homes that rotation in employment is not feasible.

About half of the men thrown out of work by the closing of the mines in the spring have found work on road building at fair wages, but this work will not continue after winter sets in. A considerable number of men have left the district to find work elsewhere. The operators have been diligent in trying to find public work for the unemployed forces and are responsible for the road-building campaign during the summer. Winter will bring acute conditions if the mines continue closed.

Montana.—The mines in Butte are nearly all idle, a few of the smaller ones operating only on high-grade ores, one copper smelter, the smallest in the district, being in operation. The zinc output is

small, only a few mines yielding ore carrying a high silver content being worked. The zinc reduction plant at Great Falls is being operated on a 20 per cent basis on these high-grade silver zinc ores.

Normally about 12,000 men are employed in Butte, but during 1920 and the early months of 1921 this number was reduced to 6,000 on account of stagnation in the copper and zinc industries. Of this 6,000, nearly all are men with families or dependents, and the employing companies when operations stopped adopted at once a third-time basis, which, with the number of men needed to keep the mines in condition to reopen, furnished about all of those employed last year with earnings enough to maintain their families on a very economical basis with the necessities of life. Very few men are remaining in the Butte district above the number employed on third time.

The reduction plants at Butte, Anaconda, and Great Falls are idle, with the exceptions noted above, and many of the men formerly employed in said plants have gone elsewhere to look for work. Perhaps 50 per cent are still in the communities at the reduction works, and of these 10 to 15 per cent are employed in repair and maintenance work. Very little destitution appears to have resulted to date, and the employers are working with the public authorities in trying to avoid it after winter comes.

Arizona and New Mexico.—The copper mining districts in this field are variously affected as to unemployment at the present time.

In the Miami district probably 45 per cent of the normal number of employees would represent the present working force. No part-time system is in effect here, because one mine is employing most of the men at work, the other mines being idle, and the working mine gives full employment to those on its pay rolls.

In the Clifton-Morenci district production is entirely shut off, and perhaps not over 12 to 15 per cent of the men formerly employed in the district are at work.

In the Silver City district virtually all of the copper mines are idle, and perhaps not over 10 to 15 per cent of the normal number of employees are at work.

In Bisbee and Douglas there are no smelters in operation, but between 30 to 35 per cent of the men find employment in development and in maintaining the mines and plants.

At Ajo operations are conducted on about a 45 per cent basis, and about that number of the normal force is employed.

At Ray and Hayden the mining and smelting operations are at a standstill, and perhaps not over 10 per cent of the normal number of employees are at work.

At Jerome not over 15 per cent of the employees of the mines and smelters are at work.

Taking the district in the two States as a whole, it is, perhaps, safe to figure that not to exceed 40 per cent of the normal number of employees are at work in and about the mines and smelters, but their reports indicate that there are not many idle men around the mining districts. They have gone elsewhere and have probably found some other employment.

Considerable road building is being done by the State and the counties, and the cotton crop is at present employing a considerable number of men who usually work in and about the mines.

Utah.—The number of men employed in copper mining in Utah as compared with other important producing districts is very small owing to surface mining and steam-shovel operations of the largest producers. The copper mines of the State and the copper smelters are virtually closed. The proportion of men employed in the copper industry as compared with normal is, perhaps, not more than 20 per cent.

Reports indicate that many idle men are in the mining districts, and during the summer and up to date it is believed that most of those who have been forced out of work in the mining districts have found employment on the farms and in other occupations.

Operators report that it has not been necessary so far to adopt any emergency measures on account of the fact that there are very few idle men in the district, but with the coming of winter it will probably be necessary to take some extraordinary steps to increase the number employed.

ZINC AND LEAD.

There is great depression in these industries, due to same causes as apply to other metals. A few districts yielding silver as a by-product of zinc and lead are employing a good many men; those having no silver yield or a low one are mostly idle.

No early resumption of operations seems likely, as stocks of zinc in producers hands are large, and lead is selling at a price impossible to meet in new production in most districts. The districts producing these metals are so scattered and information concerning conditions in them so limited that the general conditions only can be stated here.

GOLD AND SILVER.

The large production of the country in gold and silver comes from the operation of copper, zinc, and lead mines, the precious metals coming out as by-products. The price of silver being fixed under the Pittman Act has stimulated activity in silver mining where ores are valuable mainly for their silver contents. Therefore no mines that would be called silver mines are idle on account of depression, as in other metals.

Gold mining suffers from the excessive cost of supplies and other items, and the value of the gold output being fixed as against material advances in cost has operated to restrict the employment of labor in gold mines. It is impracticable to recommend measures for relief of unemployment in this class of mines, as they are scattered and, as a rule, the employers operate with few men, where general conditions in the mining industry can not prevail and general recommendations would not be valuable as a solvent for the peculiar conditions existing.

EXCERPT FROM REPORT OF THE ECONOMIC ADVISORY COMMITTEE—UNEMPLOYMENT IN MINING—AS SUBMITTED TO THE COMMITTEE ON MINING SEPTEMBER 26, 1921.

[Reprinted from Part II.]

The following table is constructed from data furnished by the U. S. Geological Survey and the U. S. Bureau of Mines. For anthracite and bituminous coal and for petroleum and natural-gas employment in August instead of January, 1920, serves as the basis of the comparison. The estimate for metal mines and quarries is subject to an uncertain and possibly large margin of error:

	Employed 1920.	Employed August, 1921.	Increase(+) or de- crease (-).	Per cent increase (+) or de- crease (-).
Anthracite coal.....	153,000	162,000	+ 9,000	+ 6
Bituminous coal.....	640,000	500,000	-160,000	-22
Petroleum and natural gas.....	100,000	81,000	- 19,000	-19
Metal mines and quarries.....	200,000	120,000	- 80,000	-40
Total.....	1,093,000	863,000	230,000	-23

Part VI.—MANUFACTURING, SHIPPING, FOREIGN TRADE, AND AGRICULTURE.

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MANUFACTURING.

MEMBERS OF COMMITTEE ON MANUFACTURERS.

W. H. Stackhouse, Chairman.
Gordon Lee, Executive Secretary.
Wm. M. Butler.
James A. Campbell.
Mrs. Sara A. Conboy.
Henry S. Dennison.
Roy Dickinson.
J. E. Edgerton.
Samuel Gompers.

Clarence J. Hicks.
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Jackson Johnson.
John A. Penton.
W. C. Procter.
Charles M. Schwab.
Sanford E. Thompson.

REPORT ON EMERGENCY MEASURES BY COMMITTEE ON MANUFACTURERS.

[Adopted by the Conference on Sept. 30, 1921. Reprinted from Part I.]

Your Committee on Emergency Measures by Manufacturers to relieve the present acute unemployment situation recommends the following:

1. Part-time work, through reduced time or rotation of jobs.
2. As far as possible, manufacturing for stock.
3. Taking advantage of the present opportunity to do as much plant construction, repairs, and cleaning up as is possible, with the consequent transfer of many employees to other than their regular work.
4. Reduction of the number of hours of labor per day.
5. The reduction of the work week to a lower number of days during the present period of industrial depression.
6. That employees and employers cooperate in putting these recommendations into effect.

Your committee notes with satisfaction that a large number of employers have already, in whole or in part, inaugurated the recommendations herein set forth, and for this they are to be commended, and it is earnestly urged upon those employers who have not done so to put same into use wherever practicable at the earliest possible opportunity.

7. Specific methods for solution of our economic problems will be effective only in so far as they are applied in a spirit of patriotic patience on the part of all our people.

During the period of drastic economic readjustment through which we are now passing the continued efforts of anyone to profit beyond the requirements of safe business practice or economic consistency should be condemned. One of the important obstacles to a resumption of normal business activity will be removed as prices reach

replacement values in terms of efficient producing and distributing cost plus reasonable profit.

We therefore strongly urge all manufacturers and wholesalers who may not yet have adopted this policy to do so, but it is essential to the success of these measures when put into effect that retail prices shall promptly and fairly reflect the price adjustment of the producer, manufacturer, and the wholesaler.

When these principles have been recognized and the recommendations complied with, we are confident that the public will increase their purchases, thereby increasing the operations of the mills, factories, and transportation companies, and consequently reducing the number of unemployed.

REPORT OF CERTAIN MEMBERS OF THE COMMITTEE ON PERMANENT MEASURES BY MANUFACTURERS, OCTOBER 12, 1921.

[Received but not acted upon by the Conference.]

RAILROADS.

Whereas the President of the United States charged this Conference, among other things, to "Consider such measures as would tend to give impulse to the recovery of business and commerce to normal," and the distinguished Secretary of Commerce has emphasized this thought in the following words: "We need consideration and a statement of what measures must be taken to restore our commerce and employment to normal or, to put it in another way, what obstacles need to be removed to promote business recovery—the only real and lasting remedy for unemployment is employment," thus plainly indicating a desire not merely for suggestions aimed at temporary relief but permanent future betterment of conditions producing unemployment; and

Whereas this committee firmly believes that a substantial improvement of the present situation is a slow process of intelligent economic adjustment to greatly changed conditions and values of goods and services to which each element in our society must make its appropriate contribution; and

Whereas we recognize that business men must and are in many instances producing and temporarily selling at a loss in an endeavor to find and stabilize new levels of value, and these same conditions must be met and accepted in every field of activity by both capital and labor, employer and employee, manufacturer and merchant, producer, distributor, transporter, and worker, before prosperity shall return, and that resistance to this economic necessity by selfish groups and individuals or the imposition or continued retention of

artificial restraint upon the process of economic adjustment through unwise legislation only delays the permanent betterment of the situation at the expense of the American people; and

Whereas transportation is a great factor, affecting every community, every condition of life, and every occupation, therefore we respectfully urge immediate consideration and action respecting conditions existing in the operation of the American transportation systems which obstruct the improvement of general business conditions.

We therefore strongly advocate that the Conference recommend as a means of permanently bettering the existing situation:

1. (a) The prompt passage of the measure funding the obligations of the railroads for advances of money by the Government for additions and betterments made by it during the period of its operation of the roads. These expenditures were capital charges and would not have been undertaken by the roads without previous provision for the supply of funds, a provision now impossible for them to make in the present market. (b) The facilitation and expedition of payment of unsettled Government obligations to the railroads, grown out of its rental obligations. This rental was a substitute for the income of the railroads and is the source from which they meet their current obligations. These measures are demanded by ordinary business fairness. They would strengthen the credit of the roads and place them in funds, making possible the payment of their supply bills and their physical rehabilitation, give additional employment to labor, and greatly benefit the public.

2. That the functions now performed by the Railroad Labor Board be transferred to the Interstate Commerce Commission in order that the dual control which establishes rates through one body and requires another to regulate the terms of the largest item of expenditure shall end and opportunity be given for the reduction of operating expense to be immediately reflected in decreased cost of transportation for the public good.

3. That the Adamson Act, enacted under circumstances disapproved by the American public, be repealed as an initial step in the reduction of artificial and uneconomic costs imposed upon the shipping public by law.

4. That while we recognize no business can permanently operate at a loss, we believe every employer should join with every employee in the endeavor to eliminate every discoverable waste and inefficiency from production, transportation, and distribution which is practically removable, and every element in our citizenship should frankly set its face against any group, whether in agriculture, business, labor, or transportation that selfishly undertakes to resist necessary economic adjustment in any narrow endeavor to protect its personal in-

terests at the expense of the permanent betterment of our national life.

J. A. CAMPBELL,
Chairman pro tem.

WM. M. BUTLER.

JOHN E. EDGERTON.

A. L. HUMPHREY.

W. H. STACKHOUSE.

J. A. PENTON.

T. P. HINMAN.

REPORT OF CERTAIN MEMBERS OF THE COMMITTEE ON PERMANENT MEASURES BY MANUFACTURERS, OCTO- BER 13, 1921.

[Received but not acted upon by the Conference.]

Although the undersigned constitute a minority of the members of the Committee on Manufactures in this Unemployment Conference, they can not by any stretch of the imagination be regarded as representing a minority of the citizenship involved in the industrial field of our country.

We dissent from the conclusions and decisions reached by the majority of the members of our committee and submit for consideration a brief statement of the reasons for our inability to agree with the majority report.

The third preamble is so entwined with proposals that one can not discern where "Whereas" ends and resolutions begin. The third whereas or preamble is artfully worded and intended to imply that business men are now selling at a loss, and that the profits and interests have been deflated, and that the only factor that remains for reduction is the wage earner in his wages, a matter with which we shall deal later in this report.

On the recommendation for the repeal by Congress of the so-called Adamson Law, attention is called to the fact that wholly apart from, independent of, and prior to the decisions of the Supreme Court of the United States declaring the Adamson Law constitutional and before its provisions were put into operation by railroad managements, a voluntary agreement had been reached between the presidents of the railroad companies and the chief executive officers of the railroad brotherhoods representing the employees in the railroad service, negotiated and indorsed by a commission of four citizens appointed by the President of the United States, by which agreement the eight-hour workday was established in the railroad service of our country. The recommendation for the repeal of the Adamson Law

can only be interpreted as an effort to break down the principle of the eight-hour workday.

It would hardly seem necessary that in this enlightened period there need be made any statement in support of the eight-hour workday as a measure for protecting and promoting the health and welfare of the employees and protecting the life, limb, and property of the public.

The proposal of the committee majority for the abolition of the Railway Labor Board, established under the Esch-Cummins law, upon which labor has or is supposed to have representation of persons of their own choosing, would remove the only responsible governmental agency to which the workers may present for consideration and action their claims relating to wages and conditions of employment.

While we agree with the declaration that waste in industry and transportation (more than 50 per cent of which has, by competent engineers, been allocated to capital and management) should be eliminated, and that cooperation of workers and management is necessary to accomplish this purpose, the attempt of the majority of the committee to place the wage earners of our country, human beings, in the same categorical position as "business" and "transportation" is based upon the assumption that men and women, human beings, are in the same category as commodities or articles of commerce to be weighed, measured, bought, and sold in the same manner as commodities or articles of commerce.

The statement by the author of the resolution was that this Conference and the citizenship of the country should condemn and denounce any resistance on the part of the railroad employees—the men engaged in the railroad service—should they resist wage reductions. From this we most emphatically dissent.

The statement of the committee majority that "every element in our citizenship should frankly set its face against any group, whether in agriculture, business, labor, or transportation, that selfishly undertakes to resist necessary economic adjustment in any narrow endeavor to protect its personal interests at the expense of the permanent betterment of our national life" is vague and indefinite, but evidently is intended to imply that the workers (mistakenly called "labor") are seeking selfishly to promote their interests by narrow endeavor.

We dissent from this point. Every thinking person, freed from purely selfish gain, understands that reduction of the earning power of the working people is most injurious to the whole people, economically, industrially, commercially, and socially. Indeed, the declarations unanimously adopted by this Unemployment Conference at its meeting on September 30 urged the people of our country to make purchases of commodities to the fullest extent of their means for the pur-

pose of reviving industry and business, so as to give work to the unemployed. If a low wage is the barometer to be taken for industrial and commercial prosperity of any nation, then China should stand at the head of the civilization of the world.

On sections *a* and *b* of recommendation No. 1, relating to the settlement of the financial relationship between the Government and the railroads, we sustain the declaration of the General Conference adopted on this subject at its meeting October 11, as follows: "Settlement of the financial relationships between the Government and the railways, having in mind the immediate necessity for increased maintenance and betterments, making effective increased railway employment and stimulation of general employment, in order that the railways may be prepared for enlarged business as it comes," with the distinct understanding and conditional upon the adoption of the minority report of the Transportation Committee and signed by W. S. Carter, as follows:

Inasmuch as this Conference has been called by the President for the sole purpose of relieving unemployment, we also recommend that in the disbursement of the funds advanced to the railroads as provided in Senate bill 2337, the railroads should be required to devote practically the entire sum so appropriated to the purchase of labor and material for maintenance of way and structures and for the maintenance of equipment, and that the maintenance of equipment be performed in the shops of the railroads to their capacity, thus insuring the expenditure of the money so appropriated in the reemployment of railroad labor.

We further recommend the following addition to the minority report of Mr. Carter: "That any railroad company which fails or refuses to abide by the decisions and regulations of the Railroad Labor Board and the Interstate Commerce Commission shall not participate in the funds provided for in Senate bill 2337."

Summarizing this report with relation to railroads, we beg to call attention to the fact that the recommendations of the majority of the members of the Committee on Manufactures would provide: (1) The repeal of the Adamson law; (2) the abolition of the Railway Labor Board; (3) the granting of vast sums of money to the railroad corporations; and (4) for the toiling masses of our country the lengthening of their workday and the reduction of their wages.

And this has been seriously proposed by a majority of the Committee on Manufactures as a remedy for present and future unemployment!

In addition to all other reasons for dissent we declare again, as we have declared in the committee, that questions relating to transportation, such as the repeal of the Adamson Law, the question of financial arrangements between the Government and the railroads, and the abolition of the Railroad Labor Board, were not proper questions for

discussion by the Committee on Manufactures, but properly belonged to the Committee on Railroads.

We feel that dissent from the report of the majority is incomplete unless it goes beyond criticism of what is contained in the report and deals with subjects which have been omitted entirely. The majority has erred as grievously in omission as in commission.

We deem it necessary at the outset to emphasize more fully the industrial disaster that must result from any further application of a policy of wage reduction. The industrial prosperity of the country is based upon the purchasing power of the masses of our people. The masses of our people are wage earners, and ability to purchase commodities depends upon their wage. Mistaken reasoning has never expressed itself more falsely or more crudely than in the declaration that reduction of wages would induce a return of prosperity. The industries that to-day are in the most deplorable condition are those which are affected to the highest degree by reduced buying power of the people. As a proper course in relation to this particular phase of the general subject we place before the conference the following recommendations:

1. There must be adopted no policy of wage reduction. On the contrary, there must be a policy calling for the highest possible rate of wages in every industry. In terms of industrial well-being this means the adoption of a policy of placing in the hands of all of the people the highest average of buying power in order that there may be the greatest possible consumption of commodities and the greatest possible consequent demand for the production of commodities. Reduction of buying power stops purchasing, which, in turn, inevitably stops manufacturing and creates unemployment.

2. There should be adopted as a permanent policy everywhere business standards which eliminate profiteering, place commodities upon the market at the lowest possible cost per unit, and enable manufacturers to base unit costs upon 100 per cent utilization of the productive capacity of plants. Management, having assumed the responsibilities which go with its functions, has no moral right to tax the public for its inefficiency by costs fixed upon a basis of part-time production.

There has been placed before this committee ample evidence of the fact that those commercial lines of endeavor in which there is true manufacturing and selling efficiency are suffering neither from unemployment nor lack of profit.

We support these two recommendations with a third, which we believe is vital to any permanent relief from the evil of unemployment and the prior evils of mismanagement.

3. We propose uniform cost accounting and publicity for production accounts. We see in this proposal a better understanding of the ills of our industrial organization, because through it we shall be

furnished with information which is essential to that understanding. We see in this proposal a constructive and logical substitute for State regulation or control. We propose that there be made available through responsible agencies voluntarily created information on production costs showing the cumulative influence of each turnover and the pyramiding of commission expenses.

SAMUEL GOMPERS.

SARA A. CONBOY.

ROY DICKINSON.

REPORT ON PERMANENT MEASURES BY THE COMMITTEE ON MANUFACTURERS, OCTOBER 11, 1921.

[Received but not acted upon by the Conference.]

TAXATION.

Whereas in order to substantially relieve the country of the oppressive burden of war taxes, dispel existing uncertainty with reference to tax legislation, and encourage the investment of capital, thereby contributing to the employment of labor: Be it

Resolved, That we urgently recommend, first, a substantial reduction in the operating expenses of the Federal Government; second, the prompt enactment by the Congress of a law devoid of ambiguity, providing for the liquidation of the country's war debt over a long period, and for a substantial revision of taxes, equitably distributed.

REPORT ON PERMANENT MEASURES BY THE COMMITTEE ON MANUFACTURERS, OCTOBER 11, 1921.

[Received but not acted upon by the Conference.]

TARIFF.

Whereas in order to assist in the early stabilization of business it is essential that the conditions surrounding the transacting of business be established upon a definite basis; and

Whereas the early passage of tariff legislation would contribute in a great measure to give certainty and confidence to business and remove an apparent obstacle to the revival of industry: Now, therefore, be it

Resolved, That it is desirable that a satisfactory and adequate revenue and tariff bill be enacted by Congress at the earliest possible date, in order to give to the Government much needed revenue, embracing such rates of duty as may be proper and necessary in order to safeguard the prosperity of employer and employee engaged in manufacture and production.

**REPORT ON PERMANENT MEASURES BY THE COMMITTEE
ON MANUFACTURERS, OCTOBER 12, 1921.**

[Received but not acted upon by the Conference.]

STATISTICAL INFORMATION ON UNEMPLOYMENT.

There should be established immediately within the Department of Labor a bureau for the purpose of gathering and disseminating monthly, or as much oftener as circumstances may require, statistical information upon the state of employment, these statistics to be gathered from zones by telephones, telegraph, and wireless and distributed as weather reports are now distributed, the bureau serving as an industrial barometer for the entire nation.

**REPORT ON PERMANENT MEASURES BY THE COMMITTEE
ON MANUFACTURERS, OCTOBER 10, 1921.**

[Received but not acted upon by the Conference.]

FREIGHT RATES.

Past increases in freight rates have thrown out of proportion the transportation burden which one commodity must bear as compared with another and which one commodity must bear as compared with another. It is imperative in this emergency that the Interstate Commerce Commission and the railroads should cooperate in an immediate undertaking to readjust freight rates.

SHIPPING.

MEMBERS OF COMMITTEE ON SHIPPING.

Thomas V. O'Connor, Chairman.
E. S. Gregg, Executive Secretary.
Wm. S. Brown.
Carroll W. Doten.
P. A. S. Franklin.
James S. Gibson.

A. F. Haines.
John A. Penton.
John H. Pruett.
H. H. Raymond.
R. H. M. Robinson.
Charles M. Schwab.

EMERGENCY PROPOSALS FOR THE RELIEF OF UNEMPLOYMENT IN SHIP OPERATIONS AND SHIPBUILDING.

[Adopted by the Conference on Oct. 12, 1921.]

Your Committee on Emergency Measures in Shipping and Shipbuilding beg to report that they have given as careful study as circumstances permitted to the subjects assigned, which are: (a) Ship operation (including longshoring); and (b) shipbuilding.

The work within these two fields, as outlined by the Economic Advisory Committee of the Conference, is arranged in order as follows: (1) The statistics on unemployment; and (2) emergency measures for relief of the unemployed through this fall and winter.

(1) STATISTICS ON UNEMPLOYMENT.

There can hardly be said to be a normal number employed in American shipbuilding or in American ship operation, due to the unnatural expansion during the war. On the other hand, if 1914 (prewar) statistics can be used as the normal, present figures would probably show overemployment—a false picture. As an index of the depression in ship operating, 1,241 vessels out of a total of 2,079 belonging to the Shipping Board are now tied up.

The following figures on the number of men now and formerly employed in the shipbuilding may serve to illustrate the depression in that industry. The figures refer to 40 steel-ship building companies on the Atlantic coast and Gulf. Eleven of the 40 yards are now shut down. The figures are for shipyard workmen, and do not include office forces:

January 1, 1919	176,705
January 1, 1920	135,500
January 1, 1921	94,478
July 1, 1921	49,763

(2) EMERGENCY MEASURES FOR THE RELIEF OF THE UNEMPLOYED THROUGH THIS FALL AND WINTER.

While some of the recommendations below may run slightly contrary to normal practices in employment, in the emergency some give and take must be expected from all sides. For example, in normal times a large turnover is undesirable, but in times of unemployment an organized labor turnover is one means of distributing the ill effects of unemployment.

(a) SHIP OPERATION.

1. We urge the desirability of having American shipowners give preference to American seamen. This rule has already been established by the Shipping Board as a fixed policy in all ships controlled by it, and it is understood that the same method is being generally and almost universally followed by other large shipping companies.

2. So far as practicable we urge the abolition of overtime work in stevedoring and allied occupations in order to distribute the greatest measure of employment among as many as possible.

3. Split time is desirable wherever practicable as a means of distributing the limited work: (a) A percentage of the crews of ships in operation on each voyage to give way to a group of unemployed; (b) for crews caring for vessels tied up.

4. Hearty cooperation among employers and employees toward economy in operation may help to keep a greater number of ships running. A period of unemployment is no time for any side to resort to radical measures which may still further disrupt industry and aggravate existing unemployment. When the desire arises on the part of anyone engaged in the industry to change existing conditions, ample opportunity should be given for mutual discussion and consideration.

(b) SHIPBUILDING.

1. The committee in a general way makes a recommendation of a somewhat similar character and urges that the work in the shipyards be divided up among as large a number of workmen as possible.

2. We strongly suggest to the Shipping Board the great desirability of expediting the disposal and breaking up of the Shipping Board's wooden vessels and others that are unsuitable tonnage, with the idea of providing work in the way of dismantling these ships and using the material for commercial purposes.

3. We suggest that it would be a good policy at this time to overhaul periodically and keep in first-class condition such ships tied up as are likely to be put to use soon.

4. It seems to this committee that it might be quite advantageous for American shipyards in the United States not engaged to give their attention in some measure to other lines of industrial activity, with a view of giving employment to the local population.

REPORT ON PERMANENT MEASURES BY THE COMMITTEE ON SHIPPING.

[Adopted by the Conference on Oct. 12, 1921.]

PROPOSALS TENDING TO STIMULATE AND STABILIZE AMERICAN SHIPPING.

Your Committee on Shipping and Shipbuilding having submitted its report on emergency measures for the relief of unemployment has drafted the following proposals for stimulating and stabilizing American shipping with consequent regular employment to American seamen.

Your committee, in considering, according to the President's call for the Conference, "such measures as would tend to give impulse to the recovery of business and commerce to normal," wishes to state the obvious fact that any marked improvement in shipping must follow rather than precede a revival in business and trade. Your committee takes for granted that the American people have decisively gone on record in favor of a vigorous American merchant marine not alone as preparedness for war, but as indispensable to healthy national industry and commerce.

Before proposing remedies for the present trade depression it may be helpful to recognize that in addition to fundamental economic causes of depression the war has brought as an aftermath these, among other, evils:

(a) Disruption of all normal international financial relations, making it difficult if not impossible for debtor nations to purchase for their needs either raw materials or manufactured products.

(b) Uncertainty and distrust of governments as to future international relations, causing hesitation on future undertakings.

PROPOSALS.

DECISION ON JONES ACT.—Prompt action on the enforcement or amendment of the Jones Act is desirable in order to extend aid to shipping and to relieve it from its present uncertainty.

DISPOSAL OF SHIPPING BOARD SHIPS.—This committee affirms its belief that the expressed policy of the Federal Government to retire from the ownership and operation of ships should be made effective at the earliest practicable date.

A MARINE CODE AND UNIFIED ADMINISTRATION.—A single organic marine law, adequately administered by one Federal department instead of by many as at present, would facilitate close cooperation with shipping interests and would go far toward lifting present legislative and administrative burdens from shipping.

COASTWISE LAWS.—It is the belief of this committee that the present coastwise shipping laws should be faithfully enforced and that we can with advantage at this time extend them to include all of our insular possessions.

AMERICAN GOODS IN AMERICAN SHIPS.—It is only logical that American ships be aided to the extent that they be given exclusive carriage of federally controlled products, and every possible help and encouragement extended to American ships carrying the mails.

With regard to measures for stabilizing shipbuilding, your committee can only suggest that whatever will help American shipping and manufacturing will also aid American shipbuilding.

FOREIGN TRADE.

MEMBERS OF COMMITTEE ON FOREIGN TRADE.

Joseph H. Defrees, Chairman.

Paul A. Palmerton, Executive Secretary.

Julius H. Barnes.

Wm. M. Butler.

John H. Fahey.

George H. McFadden.

Benjamin Strong.

REPORT ON PERMANENT MEASURES AFFECTING FOREIGN TRADE.

[Adopted by the Conference on Oct. 11, 1921. Reprinted from Part I.]

Speedy completion of the tax bill with its contemplated reduction of taxes in order that business now held back pending definite determination may proceed.

Definite settlement of tariff legislation in order that business may determine its future conduct and policies.

Limitation of world armament and consequent increase of tranquillity and further decrease of the tax burden not only of the United States but of other countries.

Steps looking to the minimizing of fluctuations in exchange, because recovery from the great slump in exports (due to the economic situation in Europe) can not make substantial progress so long as extravagant daily fluctuations continue in foreign exchange, for no merchant can determine the delivery cost of any international shipment.

REPORT OF THE COMMITTEE ON FOREIGN TRADE.

[Adopted by the Conference on Oct. 11, 1921.]

The volume of goods exported from the United States has been estimated to be roughly about 10 per cent of the Nation's production. Of the total amount exported by far the largest quantity consists of the raw products of the farm, mine, and forest and those which are exported in a partly manufactured condition. The percentage in quantity of exports of this character which exceed 10 per cent of total production for the fiscal year 1920 includes the following:

Dressed meat	13.8	Tobacco	44.5
Wheat	23.5	Hops	72.5
Barley	16.5	Tin plate	17.8
Rye	46.5	Copper	51.5
Rice	53.2	Zinc spelter	19.1
Cotton	61.5		

A small surplus of production over demand for consumption fixes the price of the entire amount produced. Therefore, the problem before the country is to at least maintain the existing volume of its export trade even though the volume can not for the moment be increased. The country's production being 10 per cent in excess of domestic requirement, this surplus must either be marketed abroad or reduction of prices will result and cause a corresponding reduction in the amount produced and result in further unemployment.

Trade ordinarily involves two major risks: First, that the value of goods purchased may decline between the time of purchase and the time of resale; second, that the purchaser on credit may be unable to pay for goods purchased.

A third risk is now introduced into the export trade (as distinguished from domestic trade) by reason of the violent fluctuation of foreign currencies measured in dollars. In the case of raw materials, food, etc., essentially required by foreign countries, the effort of the American seller is to place the entire risk of exchange fluctuation upon the foreign buyer. The risk of exchange loss has, however, become so grave and is increasing so rapidly as to exert a strong restraining influence upon foreign buyers of American products, even of these necessities. The risk is increased rather than diminished when goods are sold on credit. It introduces an additional risk as to the goodness of foreign credits.

The causes which now underlie these fluctuations in the values of foreign currencies are fundamental and must be dealt with fundamentally rather than superficially before the risks can be minimized and ultimately eliminated. They are: First, the unbalanced budgets of many foreign governments which result in constant increases in currencies, both note issues and bank deposits; second, the unregulated demands of the German Government for foreign currencies in order to complete reparation payments.

A third cause would arise if great care is not used in handling payment of principal and interest on debts owing to the Government of the United States.

It will be observed that these present and possible future fundamental causes of disturbance in exchange are largely political in character and will require governmental treatment. While these causes, because of their character and magnitude, require such governmental treatment, we must recognize them also as grave economic problems, requiring the best business experience and ability in their solution. The citizens of the United States can not assume the risks and responsibilities involved in dealing with these matters, nor have they the power to deal with them without the support of their Government.

The following suggestions appear to the Conference to reach the heart of the difficulty:

First, the approaching Conference for Limitation of Armaments should result in bringing about a reduction in the military burdens, and consequently the budgets of nations which are now maintaining excessive military establishments, and will be a long step toward arresting constantly increasing inflation, increasing depreciation, and extreme fluctuations of the various foreign currencies.

Second, the United States should be effective in the deliberations and decisions of the Reparations Commission and other agencies, so that its influence may be exerted toward a reasonable control of the present unregulated payment of reparations by Germany.

Third, authority should immediately be granted by Congress to enable the Administration to deal with the funding of foreign debts owing to the United States Government in such a way as to avoid injury to the country's foreign trade and our employment.

In conclusion the Conference points out that broad questions of policy, such as national shipping, tariff, and taxes, will have important effects upon movement of our commodities to overseas markets.

AGRICULTURE.

MEMBERS OF COMMITTEE ON AGRICULTURE.

R. A. Pearson, Chairman.	Milo D. Campbell.
Alexander E. Cance, Executive Secretary.	Clyde L. King.
Thomas C. Atkeson.	J. H. Kirby.
W. L. Burdick.	Gray Silver.

PERMANENT MEASURES AFFECTING AGRICULTURE.

[Adopted by the Conference on Oct. 11, 1921. Reprinted from Part I.]

In the field of all the different industries and occupations the rapidity of recovery will depend greatly upon the speed of proportionate adjustment of the inequalities in deflation. A table is attached hereto, drawn from various sources, showing the percentage of present levels above or below the levels of the same commodities and services of the prewar period. It will be observed that agriculture has reached an unduly low plane, while transportation, coal, and some branches of the construction industries are of the highest. It will also be observed that there is an entire disproportion between the price of the primary commodities and the ultimate retail price. These disproportionate increases in the progressive stages of distribution are due to increased costs of transportation, enlarged profits, interest, taxes, labor, and other charges.

If the buying power of the different elements of the community is to be restored, then these levels must reach nearer a relative plane. For example, the farmer can not resume his full consuming power and thus give increased employment to the other industries until either his prices increase or until more of the other products and services come into fair balance with his commodities, and therefore the reach of his income.

APPROXIMATE INDEX NUMBERS BASED UPON 100 FOR 1913.¹

[August, 1921.]

Cost of living:	
Department of Labor (May survey).....	180
National Industrial Conference Board.....	165
Average price to producer, farm crops.....	109
Average price to producer, live stock.....	113
Average wholesale price, foods.....	152
Average retail price, foods.....	155

¹ This table is reprinted from the General Recommendations in Part I.

Wheat and flour:

Wheat, average to producer.....	128
Flour, wholesale, United States, average.....	173
Bread, retail, United States, average.....	173
Freight rate, flour, Minneapolis to New York, domestic.....	187

Live stock and meats:

Pork—

Hogs, to producer.....	116
Wholesale ham at Chicago.....	166
Retail ham.....	197
Wholesale bacon, rough side.....	102
Retail sliced bacon.....	162
Wholesale short side.....	108
Wholesale pork chops.....	184
Retail pork chops.....	181
Retail lard.....	115

Beef—

Cattle, average to producer.....	91
Wholesale carcass beef at Chicago.....	124
Retail, sirloin steak.....	157
Retail, round.....	160
Retail, rib roast.....	147
Retail, chuck roast.....	130
Retail, plate beef.....	112

Wages in meat packing (Department of Labor investigation)..... 186

Freight rates, dressed beef, Chicago to New York..... 214

Hides and leathers:

Hides, green salted, packers, heavy native steers (Chicago).....	76
Hides, calfskin No. 1, country, 8 to 15 pounds (Chicago).....	86
Leather, sole, hemlock, middle No. 1 (Boston).....	120
Leather, chrome, calf, dull or bright, "B" grades (Boston).....	195
Wholesale boots and shoes, men's vici calf, blucher-Campella (Brockton).....	225
Freight rate shoes, Lynn, Mass., to Chicago.....	210
Wage scales in shoe industry (Massachusetts), about.....	200

Cotton:

To producer.....	105
Yarns, carded, white, Northern mule, spun, 22 cones (Boston).....	107
Wholesale sheeting, brown 4/4 ware, shoals L. L. (New York).....	118
Wholesale printcloth, 27 inches, 64 by 60, 7.60 yards to pound (Boston).....	137

Wool:

To producer.....	92
Wholesale worsted yarns 2/32, crossbred stock white in skein (Philadelphia).....	148
Wholesale women's dress goods, storm serge, all wool, double warp, 50 inches (New York).....	157
Wholesale suitings, wool-dyed blue, 55-56, 16 ounces, Middlesex (Boston).....	183
Freight rate clothing, New York to Chicago.....	210
Wage scale in mills, about.....	200

Building and construction:

Prices—

Lumber, average southern pine and Douglas fir (at the mill)-----	128
Brick, average common, New York and Chicago-----	199
Cement, Portland, net, without bags to trade f. o. b. plank (Buffington, Ind.)-----	175

Freight rates—

Brick, common, Brazil, Ind., to Cleveland, Ohio-----	204
Cement, Universal, Pa., to New York-----	179

Building labor:

Union scale, simple average, 15 occupations-----	190
Union scale, weighted average, 8 occupations, frame houses (3)-----	197
Union scale, weighted average, 8 occupations, brick houses (3)-----	193
Common labor-----	130

Construction costs: Cement buildings (Aberthaw Const. Co.)-----161

Coal:

Price, bituminous, Pittsburgh-----	186
Price, anthracite, New York tidewater-----	198

Union wage scales about-----173

Nonunion scale, about-----136

Freight rates-----187-209

Metal trades, union wage scale: Simple average, 19 occupations-----218

Metals:

Prices—

Pig iron, foundry No. 2 Northern (Pittsburgh)-----	137
Pig iron, Bessemer-----	128
Steel billets, Bessemer (Pittsburgh)-----	115
Copper, ingots electrolytic, early delivery, New York-----	75
Lead, pig, desilverized, for early delivery, New York-----	100
Zinc, pig (spelter), Western, early delivery, New York-----	80
Day labor, scale U. S. Steel Corporation-----	150

Printing and publishing:

Book and job, union wage scale-----	194
Newspaper, union wage scale-----	157

Railroad, average receipts per ton-mile-----177

Bureau Railway Economics estimate of railway wages based on average annual compensation, third quarter-----226

General estimate all union wage scales by Prof. Wolman-----189

NOTE.—The wage indexes refer mostly to wage scales, not the earnings, which necessarily also depend upon regularity of employment.

REPORT OF THE COMMITTEE ON AGRICULTURE.

[Adopted by the Conference on Oct. 13, 1921.]

This committee represents an industry employing more workers and involving an aggregate investment far greater than in any other industry. This industry provides more than half of the raw materials used in manufactures, furnishes approximately 50 per cent of the gross freight revenue of the railroads, and makes a consumers'

market for 40 per cent of all manufactured goods. It is plain that an industry of 13,000,000 workers out of a total of 40,000,000 in all industries, an industry furnishing 40 per cent of the consuming power of the Nation, a basic industry on which all industries and workers depend for food and the raw materials of clothing and many of the other necessities of living, has a powerful and all-pervading influence on unemployment. Every manufacturing, transportation, commercial, and financial enterprise, and every home in the land is vitally interested in the prosperity of agriculture.

There is no acute problem of unemployment in the agricultural industry. On the contrary, this industry is absorbing or at least providing a haven for great numbers of unemployed from the industrial centers. In the face of falling prices and vanishing profits farmers have maintained their production of food and other raw materials even when they had no assurance or reasonable hope of receiving for their products a price equal to their production-costs.

In instances they have done this on mere subsistence wages. Cotton farmers, for example, have willingly accepted from banks advances of \$10 per month with which to pay their laborers with nothing advanced for the living of their own families. Thanks to this willing and often unprofitable activity on the part of farmers, the Nation now has a great abundance of food products and raw materials for clothing.

The farmers' difficulty and the cause of much of the industrial distress and unemployment in the cities grows out of the fact that the prices received by farmers enables them to buy only about half as many manufactured products at the prices asked as they purchased in normal times.

The purchasing power of the farmer has been so greatly reduced that he is not buying his usual supplies. He can not. In the case of farm implements the purchases have been reduced to one-third of the amount bought in previous years. Many farmers have lost their savings of a lifetime.

The farm population constitutes 40 per cent of the total of the Nation. When farmers do not buy, the business of small towns stagnates, manufacturing plants restrict operations, or close, as many of them have been forced to do. The larger cities and transportation suffer accordingly.

The farmer can not continue to exist on the present basis. His share is too low or others are receiving too much. A lessened agricultural income has slowed down all lines of business. General prosperity can not return until agriculture, by far our greatest productive industry, resumes normal conditions. In the interest of the great labor-employing industries of the country everything possible

should be done to place agriculture on a proper ratio of exchange of products with other industries.

RECOMMENDATIONS.

1. All prices and all wages should be so adjusted that a normal reasonable ratio will be established between the incomes of farmers, laborers, manufacturers, and the merchants in order that the purchasing power of the farmer may be restored, thus hastening the resumption of normal trade, manufacturing, and the employment of labor.

2. Railroad freight rates on commodities transported to and from the farm must be substantially reduced without delay.

3. The prices of materials, farm implements, and supplies must be adjusted to the price level of farm products. Manufacturers and dealers must realize that farmers can not at present price levels resume normal buying and thereby restore normal employment.

4. The aggregate of charges between the farmer and the food consumer are excessive, and the ways should be found to reduce them. In August, 1921, the index of producers' price on beef cattle (as compared with the year 1913) was 91, while the index of wages in meat-packing plants was 186, of freight rates on dressed meat 214, and the index of retail meat prices varied from 112 to 161.

5. Better credit facilities must be provided for agriculture which will furnish funds for production and orderly marketing for long periods suited to the requirements of the industry, at reasonable rates of interest and without opportunity for the unscrupulous to charge unreasonable commissions, premiums, or brokers' charges. A recent nation-wide referendum showed that tens of thousands of farmers have been paying 6 to 10 per cent interest plus 2 to 10 per cent brokerage on borrowed money.

6. Exports of agricultural products should be stimulated with the aid of our merchant marine, foreign credits, and by such other proper means and encouragements as will aid foreign commerce.

7. Any tariff legislation which may be enacted should develop and maintain a just economic balance between agriculture and other industries and treat fairly both producers and consumers.

8. History is repeating itself. Previous wars have been followed by periods of depression which have in turn been followed by prosperity. Prosperity has come with the revival of agriculture, which has provided an expanding domestic market for manufactured products, thus restoring industrial activity with the employment of all classes of labor. This course of events is inevitable. We can only hasten or retard its progress.

The production of our farms supplemented by raw materials from the mines can provide the subsistence which will enable all industry to prosper. The adjustment will be hastened by the honest cooperation of all intelligent and thoughtful people. One of the chief factors will be the renewal and promotion of habits of industry and thrift by citizens and by the Government.

The chief of all factors to hasten readjustment will be an earnest purpose throughout the whole Nation to take only what is fair and to assist others to win what they are justly entitled to have.

Part VII.—UNEMPLOYMENT AND BUSINESS CYCLES—THE LONG VIEW.

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UNEMPLOYMENT AND BUSINESS CYCLES—RECOMMENDATION OF THE CONFERENCE ON UNEMPLOYMENT ON THE NECESSITY OF EXHAUSTIVE INVESTIGATION INTO THE CAUSES AND REMEDIES OF PERIODIC BUSINESS DEPRESSIONS.

[Adopted by the Conference on Oct. 13, 1921.]

The first tasks of the President's Unemployment Conference were to canvass the available figures concerning the numbers of men now out of work in various parts of the United States and to consider the best means of mitigating the suffering threatened by the present emergency. Now that these two tasks are accomplished, a third task must be undertaken, a task that looks to the future rather than the present, to prevention rather than cure.

While the proportion of wage and salary earners now out of work is probably somewhat larger than at any previous time in our business history, the present emergency is not without precedent. A similar situation prevailed in the winter of 1914-15, in 1908, and in 1894, to go no further back. Four times in a single generation the numbers of the unemployed in the United States have been counted by millions and the idle capital of the country has been

counted by the billions of dollars. If the future is like the past, similar periods of misery and financial loss will recur from time to time. The work of the Unemployment Conference is not complete until it has provided for a thorough study of the problems whether we are helpless to prevent the periodical recurrence of such times, whether we can not at least reduce their intensity and duration.

The best method of handling this problem has been carefully considered. Various proposals for preventing or mitigating periods of widespread unemployment have been suggested to the Conference. To determine what among these proposals are practicable and to devise methods of putting the practicable proposals into effect will take much time and thought. Obviously the whole Conference can not spend months in making the necessary investigations. Instead, it authorized the chairman to appoint a committee to see this work done.

UNEMPLOYMENT AS A RESULT OF BUSINESS DEPRESSION.

All the proposals for preventing the recurrence or mitigating the severity of future periods of unemployment recognize that the problem is one in which the interests of both "capital" and "labor" are involved and involved without clashing. The vast majority of the unemployed were recently on the pay rolls of private business enterprises. These men lost their jobs because their employers were losing money. Over 15,000 business enterprises have been forced into bankruptcy since the present period of depression began, and the number now operating at a loss must be very large. Unemployment on a vast scale is always a result of business depression. The problem of preventing or mitigating unemployment is therefore part of the larger problem of preventing or mitigating alternations of business activity and stagnation.

PERIODICAL DEPRESSIONS A PHASE OF THE BUSINESS CYCLE.

Such alternations have been a prominent feature of business experience for a century or more not only in the United States but also in all other countries that have attained a high stage of commercial organization. England, Germany, Austria, and France; Belgium, Italy, the Netherlands, and the Scandinavian countries; Australia, Canada, South Africa, Chile, and the Argentine; in recent years Japan and British India—have had more or less regular cycles of prosperity, crises, depression, and revival like the United States. The reverberations of these disturbances in the chief powers have been felt even by the countries in a less advanced stage of economic development. The "business cycle" is a world phenomenon. It is

not to be treated as a specifically American problem or as one of passing interest.

These international aspects of the problem have an important bearing on all proposals for treatment. Anything that we can do now or later toward mitigating business depression within our own borders will prove advantageous to all the countries from which we buy or to which we sell or lend. And conversely, the difficulties confronting American business will be sensibly lessened by the recovery from depression of any of the countries with which we have important dealings.

The world-wide scope and the long succession of business crises do not prove that the problem of controlling the business cycle is a hopeless one. On the contrary, this history, when examined in detail, proves that the problem can be solved at least in part. For the leading business nations have made incontestable progress toward diminishing the violence of business crises. Each step in this direction has resulted from a wise use of lessons drawn from past experience. The creation of the Federal Reserve system is a notable example of American achievement in this field. That measure prevented the crisis of 1920 from degenerating into panic. Having devised a method of mitigating the severity of crises, we can with good prospects of success turn our constructive efforts to the further problem of mitigating the severity of depressions.

THE TIME TO ACT IS BEFORE A CRISIS HAS BECOME INEVITABLE.

The business cycle is marked by peak periods of boom between valleys of depression and unemployment. The peak periods of boom are times of speculation, overexpansion, extravagance in living, relaxation in effort, wasteful expenditure in industry and commerce, with consequent destruction of capital. The valleys are marked by business stagnation, unemployment, and suffering. Both of these extremes are vicious, and the vices of the one beget the vices of the other. It is the wastes, the miscalculations, and the maladjustments grown rampant during booms that make inevitable the painful process of liquidation. The most hopeful way to check the losses and misery of depression is therefore to check the feverish extremes of "prosperity." The best time to act is at a fairly early stage in the growth of the boom.

WHAT FEATURES OF A BOOM CAN BE CONTROLLED.

In any analysis of our productive processes we can make a broad distinction between our additions to national plant and equipment, such as houses, railroads, manufactures, and tools, on one hand, and the consumable goods which we produce on the other. At the pres-

ent time we increase our activities in both of these directions at the same time, and in their competition with each other we produce our booms.

The ebb and flow in the demand for consumable goods may not be subject to direct control; but, on the other hand, it should be possible in some measure to control the expansion of the national plant and equipment. If all branches of our public works and the construction work of our public utilities—the railways, the telephones, etc.—could systematically put aside financial reserves to be provided in times of prosperity for the deliberate purpose of improvement and expansion in times of depressions, we would not only greatly decrease the depth of depressions but we would at the same time diminish the height of booms. We would in fact abolish acute unemployment and wasteful extravagance. For a rough calculation indicates that if we maintain a reserve of but 10 per cent of our average annual construction for this purpose we could almost iron out the fluctuations in employment.

Nor is this plan financially impracticable. Under it our plant and equipment would be built in times of lower costs than is now the case when the contractor competes with consumable goods in over-bidding for both material and labor.

The subject is one of the most profound national importance and is at least one direction in which a balance wheel could be erected that would tend to maintain an even level of employment and business. The action of the States of Pennsylvania and California in making a provision for the control of public works to this end is one of the most interesting and important economic experiments in the country.

DATA NEEDED TO DIRECT THE CONTROL.

In order to guide such a policy it is fundamental that an accurate statistical service be organized for determining the volume of production of stocks and consumption of commodities and the volume of construction in progress through the nation, and an accurate return of the actual and not theoretical unemployment. These services are now partially carried on in the different Government departments.

Such statistical service would in itself contribute to minimizing the peaks and valleys in the economic curve. The same warnings that would enable intelligent action on the part of public authorities and those who control large enterprises in guidance as to the periods in which construction should be deferred or should be initiated would also serve as a warning to the commercial public and would tend in themselves to effect the ends desired. As a first step

in such a program, statistical services adequate to this purpose should be immediately authorized and carried out by the Federal Government.

OTHER PROPOSALS FOR PREVENTING UNEMPLOYMENT.

The committee charged with following up the work of the Unemployment Conference will have to consider other plans that have been put before the Conference with the indorsement of various bodies, such, for example, as the "Huber unemployment prevention bill" now pending in the Wisconsin Legislature, the schemes for insuring a minimum return in lean years to both capital and labor with which certain corporations are experimenting, and the out-of-work benefits of trade-unions. Various reforms of the banking and monetary systems also have warm advocates—centralized banking, stabilizing the dollar, raising discount rates earlier or more rapidly in periods of prosperity, and the like.

All these topics and perhaps others unknown to the Conference might be taken up by the proposed committee on the prevention of unemployment or left alone, according as the committee saw or did not see a prospect of rendering service by an investigation. Certainly the committee should not be burdened with the duty of investigating every proposal that has been or may be made for the accomplishment of its object. On the contrary, the committee should have power to limit its investigations strictly to those plans whose merits and defects it is able to determine with the means in hand.

A report from such a committee prepared after due deliberation is necessary to follow out and render effective the emergency work of the President's Unemployment Conference, for no constructive program of preventing the recurrence of periods of widespread unemployment is likely to succeed unless it is based upon thorough investigation of the underlying facts and a matured judgment on the merits and defects of the proposals submitted to the Conference.

EXCERPTS FROM REPORT OF THE ECONOMIC ADVISORY COMMITTEE ON SEASONS AS CAUSES OF UNEMPLOYMENT, AS SUBMITTED TO THE CONFERENCE SEPTEMBER 26, 1921.

For clear thinking it is essential that seasonal unemployment and cyclical unemployment be considered entirely separately. They are very much confused in the minds of many business men.

In the following schedule of remedial measures all the steps proposed must be accepted as affecting only part of the field. No method has yet been proposed which will prevent all unemployment; but if we undertake all that we know how to accomplish we may learn to do

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still more. If we wait until we know how to do it all, we will do nothing.

SCHEDULE FOR MITIGATION OF SEASONAL IRREGULARITIES OF EMPLOYMENT.

A. To meet irregularities in demand¹ due to weather conditions and holiday customs, put before manufacturers, with specific examples, advantages of (1) planning production well ahead; (2) getting dealers to order early; (3) developing a proper proportion of staples; (4) developing lines for several seasons; (5) training operators in more than one-job; (6) making proper amount of finished stock in off seasons; (7) making finished parts, especially those of high-labor low-material nature.

B. To meet irregularities in production² due to weather: (1) Develop national labor exchange and full employment records; (2) incite employers, engineers, and some Government bureaus to invent climate compensators in building industry, in coal mining, in transportation.

C. Advertise disadvantages³ involved in (1) high labor turnover, (2) excessive overhead arising from idle plant, (3) high wage rate necessary to compensate for seasonal idleness.

D. Give publicity² to all serious attempts to regularize (such as Cleveland Clothiers).

NOTES.

Seasonal unemployment varies so greatly as among different productive activities that no general program of mitigation should pretend to be more than suggestive.

Under the best arrangements we can imagine at the present time there will be a residuum of seasonal unemployment due to agricultural needs but it may easily prove that this residuum is not serious enough to call for special relief measures.

B. (2) Progress in these three subjects is so difficult but so profitable that special committees ought to be formed for the purpose of assisting it, and the additional essays on the elimination of waste in industry proposed by the Federated Engineering Societies should be forwarded. Suggestions that have recently been made for two of these industries hint at a few of the possibilities.

In building trades: (1) Allowance for small margin of profit for both capital and labor during winter months, (2) development of methods of conducting work in cold weather, (3) planning of work to provide indoor operations in cold and stormy weather, (4) the development of a nucleus of permanent employees by each employer, (5) organization of local clearing houses for co-ordination of building activities.

In coal mining: (1) Storage of coal at the mine, (2) storage of coal by the consumer, (3) varying selling price in different seasons to encourage off-season

¹ Agencies of execution: Department of Commerce and manufacturers associations.

² Agency of execution: U. S. Government.

³ Agencies of execution: U. S. Government and trade and commercial associations.

purchases, (4) improved scheduling of coal cars, (5) improved methods of production in mines.

C. Specific examples of subheads 1, 2, and 3 should be given to make the advertising effective. Figures can be obtained without much difficulty with the assistance of several national associations which have given some attention to these subjects. In particular statistics of the wage levels in different industries which vary in their seasonal nature might be very illuminating.

D. Specific examples of undertakings to overcome seasonal irregularity and a list of books and articles on the whole subject of unemployment will be found in Appendix P.

EXCERPTS FROM REPORT OF THE ECONOMIC ADVISORY COMMITTEE ON BUSINESS CYCLES AS CAUSES OF UNEMPLOYMENT, SEPTEMBER 26, 1921.

In the following schedule of remedial measures all the steps proposed must be accepted as affecting only part of the field. No method has yet been proposed which will prevent all unemployment; but if we undertake all that we know how to accomplish we may learn to do still more. If we wait until we know how to do it all, we will do nothing.

STEPS FOR PERMANENT BETTERMENT OF CYCLICAL UNEMPLOYMENT.

PREVENTIVE INFLUENCES BEARING UPON CREDIT OF THE CYCLE, POINT A.

A. To help toward correct estimates of the course of sales and prices: (1) Timely statistics well presented and widely distributed.

B. To limit credit expansion:⁴ (1) Critical examination by bankers of expansion loans, (2) strengthening rates of interest, (3) firm control of any surplus stock of gold, (4) watchfulness of merchants' and manufacturers' merchandise on order and en route as well as on inventory.

C. To counterbalance:⁵ (1) Withhold execution of public works (but not their plans or financing arrangements), (2) advertise to business men possibility and advantages of withholding postponable projects, (3) advertise to sales managers dangers of that excess of sales which results in cancellations, (4) assist all sound thrift campaigns.

D. To reduce aggravation factors:⁶ (1) Improve seasonal unemployment, (2) perfect Federal labor exchange, (3) keep up campaign for simplification of styles and varieties, (4) advertise advantages of planning and budgeting.

⁴Agencies of execution: U. S. Government, Federal Reserve Board, and bankers' associations.

⁵Agencies of execution: U. S. Government, States, counties, cities, towns, and trade and commercial associations.

⁶Agencies of execution: U. S. Government and trade and commercial associations.

CORRECTIVE INFLUENCES BEARING UPON THE CYCLE AT POINT B.

E. To help toward correct estimates of course of sales and prices:
(1) Statistics as in A above.

F. To expand credit resources:⁷ (1) Preferential treatment to loans for productive purposes; (2) easing of rates of interest.

G. To counterbalance:⁸ (1) Undertake withheld projects; (2) advertise to business men advantages of executing withheld projects; (3) advertise to business men advantage of undertaking some work for the future, especially work of high labor, low material content.

H. To reduce aggravation factors:⁹ (1) Hasten, by publicity and otherwise, some delayed price liquidations in (a) commodities, wholesale and retail; (b) transportation rates; and (c) labor.

INFLUENCES BEARING FAVORABLY UPON WHOLE CYCLE.

L. Widest possible citizen-consumer education on cycles:⁹ (1) Get news value into one or another of the statistical facts under A each month; (2) prepare educational pamphlets for use in schools and colleges; (3) put cycle facts into thrift campaigns; (4) prepare magazine articles.

M. Development of foreign trade.⁹

N. Administration of immigration laws with respect to cycles.⁹

O. Administration of taxation with respect to cycles.⁹

NOTES.

B. (2) It is just where the screws must be put upon inflation that citizen education on cycles will do its best service. Congress will be tempted to inflationist measures. Bankers will need even more real courage at that point than during the discouragements of depression. We must cease the meaningless use of the word "Pessimist" and certainly cease to be afraid of being called one.

Had the Federal Reserve system not been in existence, the present industrial depression would have been far more acute, and the unemployment far more pronounced. Our present banking system, however, is far from adequate and there is need of a strengthening of its control of credits, especially during periods of expansion. A study of the further coordination of our banking methods is earnestly to be recommended.

B. (3) The present surplus of gold, whose corrective international flow is checked for some years to come, offers a peculiar temptation to a false boom which would set us back in international trade and bring on a quick and deadly depression.

⁷ Agencies of execution: U. S. Government, Federal Reserve Board, and bankers' associations.

⁸ Agencies of execution: U. S. Government, States, counties, cities, towns, and trade and commercial associations.

⁹ Agency of execution: U. S. Government.

B. (4) One seldom recognized, but important, aggravation to the overstocks during a slump lies in the "goods on order"—the impending inventory. Bankers can help this situation by demanding an account of impending inventory as they would of contingent liabilities, thus bringing the need of such records before the business man.

C. (2) Much more of this can be done than seems likely at first sight. At point A and before, the directing heads of corporations should scrutinize each of the projects put before them by their engineering staffs. They will find 10 per cent (and a larger percentage as the turn approaches) which can be completed as to investigation and planning, but postponed as to execution; with profit to the company and community as well.

D. (2) To effect a distribution of labor more in accord with the need for it and to gain first-hand information as to employment conditions a Federal co-ordination of State labor exchanges is essential. It must be recognized as a job for men of first-grade ability.

D. (3) Excess of varieties results in slow turnover goods and high inventories which during a slump are a peculiar aggravation, all the way along the line from raw materials to retailers' stocks.

D. (4) Planning and budgeting both force specific attention upon the future. As their use becomes habitual, unbridled guessing gives way to more careful estimates—to guesses guided by all available facts.

G. (1 and 2) It must not be forgotten that the discouragement during depressions has to be counteracted; without intelligent direction which looks well beyond the feelings of the moment, withheld work will be withheld all through depression and show up just after it is needed.

H. Both harm and good can be done by drives at high rates and prices. The more we come to know of cycle forces and facts the more net good can be gained from such drives. Certainly recovery has been often delayed by attempts to defer liquidation too long.

L. The understanding of the people must be the force and will be the only guarantee behind any such wide-flung efforts as are here scheduled. Without it results will be sporadic.

L. (3) In flush times "Save your overtime" should be a slogan.

M. A well-distributed export trade has usually been a stabilizer. A world war has just now placed every country in about the same economic hole; but in the future it is likely that again some countries will be gaining while others are in the trough.

N. Our present immigration law suits present conditions excellently, but in times of more normal activity it will become impossible. Congress should set standards to be increased or diminished by Executive order to fit the cycle sector; just as public work is to be regulated.

O. The study of taxation as it affects cycles should be undertaken at once and in cooperation with the study of reservation of public work and depression insurance.

Consumption may be capable of infinite increase, but not at an infinite rate. Expansion can not exactly find and match that rate. When it largely exceeds it a variety of strains are set up which at some point begin to overmatch the strength of the structure and eventually bring on prostration. On the up wave we are, taking the country as a whole and especially the ultimate consumer, stocking up. On the down wave we are drawing from stock. It is at the specula-

tive froth on the wave of prosperity that we want to aim our strongest efforts.

The normal sequence is subject to accidents such as war, natural calamity (crop failure, earthquake), and revolution in political control, in technical advance, or in consumers' demand; and in one part or another of the business structure such accidents are continuous. They can not be specifically guarded against but are best met by building up the resistance of the whole structure by the avoidance of the strains of overextension and prostration.

For individual enterprises as for public undertakings safety lies in planning. When most of them can be planned well ahead we can expect a healthy swing to the cycle, broken only by occasional calamity.

Immediate causes of fluctuations in the purchases of the consumer and of the merchant-manufacturer may be indicated. Each of the forces which induce purchase or abstention is of course a complex of several socioeconomic influences.

EXCERPTS FROM REPORT OF THE ECONOMIC ADVISORY COMMITTEE ON UNEMPLOYMENT AND DEPRESSION INSURANCE, SEPTEMBER 26, 1921.

Despite the best efforts of industrial managers and public authorities to reduce the amount of involuntary unemployment, it must be expected that many wage earners will from time to time and through no fault of their own be thrown out of work. Thousands of these self-respecting unemployed—with savings exhausted and with the peculiar discouragement which comes from seeking work without being able to find it—are likely to so suffer in morale and efficiency as to add permanently to the already large burden of public and private charity. With the coming of each period of industrial depression, there is a growing demand for some just system of dealing with this question on a dignified basis. For many years certain trade-unions have furnished a limited amount of timely support for their own unemployed members through a system of out-of-work benefits. The Cigarmakers' International Union is a noteworthy example. A few employers, also, have set aside from the profits of good years "unemployment funds" out of which part wages are paid in slack seasons or lean years. Illustrations of this tendency are the experiments conducted by the Dennison Manufacturing Co. and by Deering, Milliken & Co. Recently the garment manufacturers in Cleveland have united in a plan which makes provision on a broader industrial basis and assures that in lieu of at least 20 full weeks of employment in the half year two-thirds of wages shall be paid during such involuntary unemployment. The manufacturers' losses are limited to $7\frac{1}{2}$ per cent of the pay roll in each plant, but all of this

can be saved by providing during the half year 20 weeks of work to each employee. This plan furnishes a financial incentive to keep the workers employed—an end far more to be desired from every point of view than payments from any source to keep them in idleness. This praiseworthy effort in garment manufacturing has suggested the possibilities of the adoption of similiar methods in other industries. Any forms of unemployment insurance which would create an economic motive to regularize employment is worthy of the most careful consideration.

Some industrial managers, approaching the problem from a somewhat different angle and with their own natural desire to keep establishments running, are now discussing the practicability of a special fund mutually created during years of prosperity to be used in periods of depression—not to pay men part wages while in idleness, but to keep as large a part of the force as possible steadily employed upon needed repairs, making to stock, or other useful work. Making specific arrangements in this way through “depression insurance” to withdraw funds from use in boom times and release them in depression would be a definite application of the policies advocated in the section on business cycles. Its possibilities and difficulties should be explored by several different groups of business men making a thorough examination of the proposition of establishing mutual depression insurance associations for their own companies.

Each section on seasons as causes of unemployment in this report proposes measures meant to be of permanent value. Their institution can not be accomplished by fiat. We believe that hard, patient, persistent, and continuous activity will be necessary; but any removal from our social system of the blot of unemployment will be worth it,

APPENDIX P.—BRIEF BIBLIOGRAPHY.

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- William, R. *First Year's Working of the Liverpool Docks Scheme*. London, King, 1914.
- Commons, J. R., and Andrews, J. B., *Principles of Labor Legislation*. Unemployment, p. 287-322. (*Critical Bibliography*, p. 514-517), New York, Harpers, 1920.

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- Seasonal Industries. S. and B. Webb, Longmans.
- Social Insurance. H. R. Seager, MacMillan, 1910.
- Business Cycles. W. C. Mitchell, University of California Press, 1913.

A FEW OF THE CONCERNS HAVING PLANS TO REDUCE SEASONAL UNEMPLOYMENT.

- Hills Bros. Co., New York, N. Y., dried fruits and nuts.—Develop staples, make stock.
- William Goldman, New York, N. Y., meat.—Develop staples.
- Joseph & Feiss, Cleveland, Ohio, men's clothing.—Plan ahead, spread deliveries, develop staples, make stock.
- Printz-Biederman, Cleveland, Ohio, women's clothing.—Plan ahead, spread deliveries, standardize products.
- Hickey-Freeman Co., Rochester, N. Y., men's clothing.—Low-profit lines, make stock.
- Markowitz Co., New York, N. Y., gowns and frocks.—Make stock.
- Kops Brothers, New York, N. Y., corsets.—Make by-products.
- Dennison Manufacturing Co., Framingham, Mass., paper specialties.—Plan ahead, spread deliveries, develop staples, make stock.
- Kemp & Beatley, New York, N. Y., art embroideries.—Make stock.
- Garvin Machine Co., New York, N. Y., machines.—Make repairs, make stock.
- Morse & Burt Co., Brooklyn, N. Y., manufacturers of shoes.—Spread advertising, customers spread orders, make stock.
- Hazel Atlas Glass Co., Washington, Pa., manufacturers of glass.—Adjust prices, educate customers to this effect.

DETAIL.

- Hills Bros. Co., New York, N. Y.—Dried fruits and nuts. Advertised Dromedary dates. Tried to supplement demand for seasonal items with demand for year-around product. By advertising, the season for eating dates has been lengthened. Cold-storage warehouse permits of fairly even rate of production.
- William Goldman, New York, N. Y.—Meat. Introduces certain leaders or staple numbers which are sold close to cost.
- Joseph & Feiss, Cleveland, Ohio.—Men's clothing. The establishment of standardized models made in staple materials and in such quantities that they can afford to manufacture for stock and anticipate a certain percentage of their orders. Attained continuity by standardizing its products, concentrating advertising inducements to retailers for accepting deliveries over extended period instead of at opening of season.

- Printz-Biederman, Cleveland, Ohio.—Women's clothing. Attained continuity by standardizing its products, concentrating advertising inducements to retailers for accepting deliveries over extended period instead of at opening of season. Make models according to carefully laid plans and inspire retailers with confidence in their judgment as to merchandise and demand.
- Hickey-Freeman Co., Rochester, N. Y.—Men's clothing. Fills in dull periods between seasons on stock of conservative models and secures orders for mid-season sales at prices which cover overhead but leave no profit.
- Larkowitz Co., New York, N. Y.—Gowns and frocks. Manufacture garments for stock.
- Kops Brothers, New York, N. Y.—Corsets. During dull periods employees manufacture some by-products which are used in large quantities and which are ordinarily received from outside sources. Materials for the construction of these by-products are always kept on hand, and employees can be transferred to such work on short notice.
- Dennison Manufacturing Co., Framingham, Mass.—Paper specialties. Reduction of seasonal orders by getting customers to order at least a minimum amount well in advance of the season. The increase of the proportion of nonseasonal orders with a long-delivery time. The planning of all stock items more than a year in advance. The planning of interdepartmental needs well in advance. The building up of out-of-season items and the varying of lines so as to balance one demand against another. Balancing of decrease in work of one department against the surplus of another by transferring employees.
- Kemp & Beatley, New York, N. Y.—Art embroideries. Manufacture stock goods when other business falls off. When pieceworkers' wages drop considerably operators are put on a regular weekly wage.
- Garvin Machine Co., New York, N. Y.—Machines. Take on work other than that of regular line during slack times. Take the opportunity to make needed repairs by own employees. Produce stock during slack so far as financial conditions of company will permit.
- Morse & Burt Co., Brooklyn, N. Y.—Manufacturers of shoes. Advertise consistently throughout the year instead of only in season. Customers cooperate by placing orders when the firm most needs them. Make a staple shoe which is subject only in limited degree to the fluctuations of style demand. Maintain stock department for which they manufacture heavily in times when orders are low.
- Hazel Atlas Glass Co., Washington, Pa.—Manufacturers of glass. This industry, which was formerly very seasonal, has been stabilized considerably by lowering prices on goods ordered at certain seasons of the year. Have educated their customers to take advantage of this, which consequently spreads deliveries.

"One of the causes of ill will that weighs heavily upon the community is the whole problem of unemployment. I know of nothing that more filled the mind of the recent Conference, while dealing mainly with emergency matters, than the necessity to develop further remedy, first, for the vast calamities of unemployment in the cyclic periods of depression, and, second, some assurance to the individual of reasonable economic security—to remove the fear of total family disaster. In loss of the job.

"I am not one who regards these matters as incalculable. Thirty years ago our business community considered the cyclic financial panic as inevitable. We know now we have cured it through the Federal reserve system. The problem requires study. It, like our banking system, requires a solution consonant with American institutions and thought. Many American industries are themselves finding solutions. There is a solution somewhere and its working out will be the greatest blessing yet given to our economic system, both to the employer and the employee. There is also in this great question of unemployment the problems of seasonal and intermittent industry. Some of them are incurable, but some are not, and every one cured is a contribution to the solution of these matters."—Secretary Hoover, speech to the Academy of Political Science, November 4, 1921.

POSTSCRIPT TO THE REPORT—SOME RESULTS OF THE CONFERENCE ON UNEMPLOYMENT, BY EDWARD EYRE HUNT, SECRETARY OF THE CONFERENCE.¹

It is early to pass judgment on the work of the President's Conference on Unemployment, for the reason that the Conference is still in existence and can not finish its work for many months; but the adjournment on October 13 marked the end of two weeks' deliberations, and on the results of these and the general plans for continuing work it is now possible to render an opinion.

This is the first time there has been a national conference on unemployment called by Federal authorities. In the crisis of 1907, with a President as aggressive and sympathetic as Roosevelt in the White House, the crisis was met, in so far as it was met at all, by private intervention with prominent financiers.

In the crisis of 1914, again with a forward-looking President in the White House, no steps were taken by the Federal Government.

The problem of "normal" unemployment—that is, the unemployment characteristic of industry in periods other than cyclical depressions—has never even been discussed at length.

That President Harding called the Conference is a step forward, but the results of his Conference are more than a single step; they are at least a stride.

I write this on November 21, just a month and a week since the Conference on Unemployment adjourned. The following are some of its results to date. If the threat of a general railroad strike had not intervened, still greater progress would have been made in the follow-up work:

1. Public opinion, for the first time in American history, has been focused on unemployment.
2. Municipal committees are organized for the first time on a nation-wide scale to relieve it.
3. A national clearing house is ready to assist the municipalities, with district representatives in the field.
4. Industry is assuming a share of its responsibility to the unemployed.

¹ Published in the Survey, New York, N. Y., under the title "A Long Step Forward."

5. Municipal bond sales for public works have broken all previous records.

6. Congress has inaugurated important public works.

7. A large appropriation for the United States Employment Service is before Congress.

8. A variety of other measures have been introduced in Congress to carry out the recommendations of the Conference, such as Senator Kenyon's bill for long-range planning of public works.

9. Impetus is being given public education as to the nature of the problem of unemployment.

10. A scientific basis for future research is now being laid.

11. The construction industries are being organized nationally and locally under public direction, as, for example, in St. Louis.

12. In other notoriously seasonal and intermittent industries, such as the soft coal industry, stabilization studies are being planned.

13. A thorough investigation of methods for controlling the business cycle is in progress.

These cover the activities of a single month.

With warm appreciation of previous achievements, let me compare these with the results of the only previous national conferences—those called by two social agencies in New York in February, 1914, and Philadelphia in December, 1914. The report of the Secretary says:

Throughout 1914 and the early part of 1915 interest in the problem of unemployment steadily increased. Six State legislatures—beginning with New York—made provision for public employment exchanges, and a number of cities, New York again leading, set up municipal bureaus. No fewer than six bills to establish a national system of exchanges were introduced in Congress. * * * A bill establishing public unemployment insurance, another point in the practical program, is being drafted by our Social Insurance Committee for early introduction in State legislatures.

The national clearing house established by the President's Conference on Unemployment and placed under the direction of Col. Arthur Woods, former police commissioner of New York City and former assistant to the Secretary of War in charge of efforts to help reestablish service men in civil life, has greatly stimulated local activities.

Two hundred and nine out of the 327 cities in the United States whose population is 20,000 or more have now organized mayor's emergency committees in accordance with the recommendations of the Conference or have signified their ability to carry out the Conference recommendations with machinery already in existence. Many of those cities not organized are so situated that there is no grave local problem. The coordination of municipal agencies to meet the unemployment crisis, expected to reach maximum intensity in January or February, 1922, is virtually complete.

Regional directors have been named, covering the more important industrial districts from Maine to Oregon.¹

"Clean-up" campaigns in various industries, as recommended by the Conference, have made rapid progress. The enlargement or renovation of plants and improvement in equipment are being ordered as a direct contribution to meet the emergency. There has been a general advance of industrial operations by employers, according to reports to the Department of Commerce, directly attributable to the work of the Conference on Unemployment. Mr. Hoover believes that one million and a half and perhaps as many as 2,000,000 men and women are employed to-day who would be unemployed if it were not for the work of the Conference. There has been no change in the industrial situation sufficiently large to explain this. It is due to a successful appeal to local responsibility and the sense of service. This pick-up may be temporary, but it is a hopeful sign.

The Federal highway act, passed by Congress on November 3, makes available \$75,000,000, which is to be matched by a similar amount from the States. By November 15 the governors of 30 States had reported to us that within 90 days they can start 6,261 miles of highways which will directly employ more than 150,000 men. How these State undertakings will affect the general condition of unemployment can be estimated from replies received from the governors. Texas can employ 13,500 workers on an \$8,000,000 road-building job covering 700 miles within the 90 days required. Georgia can provide 9,000 men with jobs on a \$5,000,000 undertaking covering 360 miles of road. Indiana can use 5,800 men; Michigan, 5,600; Ohio, 5,300; North Carolina, 5,000; Minnesota, 4,350; Louisiana, North Dakota, South Dakota, and Mississippi, 4,000 each.

Municipal bond sales for public works since the call for the Conference was issued have broken all records. Over \$60,000,000 in these bonds have been recently sold in 13 States, and more than \$34,000,000 have now been offered for sale. Besides \$10,000,000 in State bonds have been sold and an equal amount is offered for sale. The totals for 13 States of municipal and township bonds recently sold or offered for sale are: Illinois sold \$2,010,000, offered \$4,500,000; Connecticut, \$2,943,000-\$1,703,000; New Hampshire, \$345,000-\$230,000; Michigan, \$11,277,500-\$1,622,500; Wisconsin, \$8,671,000-\$581,000; Ohio, \$9,999,700-\$1,458,000; Rhode Island, \$200,000-\$290,000; Pennsylvania, \$4,800,000-\$16,179,500; New York, \$3,667,-

¹ The regional directors are: Mortimer Fleishhacker, San Francisco, Calif.; Charles F. Rand, New York, N. Y.; E. Sherman, Chicago, Ill.; John W. Hallowell, Boston, Mass.; Perry K. Heath, Grand Rapids, Mich.; Jackson Johnson, St. Louis, Mo.; Winslow B. Ayer, Portland, Oreg.; Ernest T. Trigg, Philadelphia, Pa.; Roy Dickinson, East Orange, N. J.; Evans Woollen, Indianapolis, Ind.; Wm. S. Rossiter, Concord, N. H.; A. L. Humphrey, Pittsburgh, Pa.; John E. Edgerton, Nashville, Tenn.; John H. Kirby, Houston, Tex.; and James S. Gibson, Seattle, Wash.

370-\$2,024,626; Minnesota, \$4,362,000-\$2,853,764; New Jersey, \$8,028,800-\$448,500; Massachusetts, \$2,581,500-\$1,035,000; Indiana, \$2,004,600-\$1,780,575. Totals for these States amounted to \$60,890,970 in municipal and township bond sales and \$34,706,465 in additional bonds offered. The sales and offerings of bonds of the States of Illinois, Connecticut, and Massachusetts are not included in these totals for municipalities and townships. The total amount of municipal bonds for public works issued was \$113,787,230 for 415 municipalities.

The Conference resolution on reclamation projects has resulted in the introduction of a bill carrying an appropriation of \$20,000,000 to the reclamation fund for continuance of projects now under way. The prompt passage of this bill will give employment to more than 32,000 men.

The direct employment in all these instances represents only a part of the stimulus given to industry generally. Public works involve the use of many sorts of materials. The wages received will be spent on products which give business to retailer, wholesaler, and manufacturer. Back of these again are the resultant orders on producers of raw materials. Authorities now state that the general principle is established that if, over a period of 10 prosperous years, 20 per cent of ordinary public works were deferred and the remaining 80 per cent executed as usual, the lifting power of public works would be one-third the dead weight of such a depression as the present.

Senator Kenyon's bill, introduced on November 21, providing for long-range planning of public works, is a very important result of the Conference. The preamble states that a sound economic policy requires that a larger percentage of public-works projects of the United States be undertaken and carried to completion during periods of depression, when labor and capital are not fully employed in private industry, and, on the other hand, that a smaller percentage of such projects should be undertaken when private industry is active.

As a means of granting the authority necessary to carry out this policy, the act provides:

First. That the head of each executive department is authorized to prepare and to revise periodically the necessary plans for all public works and projects within his jurisdiction, concerning which a report has been requested by Congress, or a committee thereof, under the provisions of existing law, and to make the surveys and to prepare the engineering plans necessary for proposed public works and projects, in order that the work may be commenced immediately and properly prosecuted when an appropriation becomes available therefor.

Second. That the Secretary of Commerce shall prepare and publish monthly reports as a supplement to the current survey of business of the Bureau of the Census, or otherwise, concerning the trend of business conditions, the approach of periods of business strain and overextension, or of periods of business depres-

sion, in order that the President, the heads of the executive departments, the Congress, governors of States, and mayors of cities, and persons engaged in private industrial enterprises may properly prepare for and plan against such periods. The Secretary of Commerce is instructed to transmit with his recommendations copies of such report to the President, the heads of departments, and to the Congress. In preparing his report and recommendations the Secretary is authorized to utilize the available statistics collected or completed by any department, bureau, office, or agency of the Federal Government, or of a State, or by an industrial, banking, labor, or other association, and he is authorized to obtain such additional facts and statistics as may be necessary to carry out the provisions of this section.

Third. That the head of each executive department is authorized, upon the advice of the President, to postpone the date of the commencement or retard the prosecution of such portions of the public works and projects within his jurisdiction as may be necessary, in order to prepare for and to prevent a further rise in the cyclical wave of industrial expansion and resulting business strain and overextension, and within the appropriations therefor, to enter upon a maximum program of public works and projects as a preparation for and in order to counteract an impending period of industrial depression and unemployment. Where a time limit has been specifically provided within which any such work or project, or any part thereof, is to be commenced or completed, this section shall not be construed to extend or remove such limit.

The application of the principle of long-range planning to the cities and States is even more important than to the Federal Government, because the public works of the former are over five times as great as the latter.

Twenty-seven States composing the northeastern section of the country showed the award of more building contracts in September than in any other month this year or in any September on record. The contemplated projects amounted to \$318,030,600.

While this is probably due only in part to the effect of the Conference call by the President, it is striking to notice that in October there were 10,635 projects contemplated in these 27 States, having a value of \$394,977,600—\$70,000,000 in excess of the record in September and more than \$100,000,000 in excess of the previous October, and there were 8,096 contracts awarded having a value of \$222,497,500.

The first 15 days of November indicate that this month will surpass the October record.

As an indispensable agency for effective future action the Conference came to the rescue of the Department of Labor in insisting that help be given the United States Employment Service. A bill to carry out the Conference recommendation is now before Congress.

These results are admirable, but they are not by any means the whole story.

The social consciousness of this country is beginning to understand what unemployment means. In the past the community has followed the line of least resistance, dismissing the problem as a recurring hazard of modern life. I think it is fair to say that only

a few social scientists and industrial engineers have regarded the problem of unemployment as something to be solved and not as something to be accepted with resignation.

THE BUSINESS CYCLE.

Any permanent policy on unemployment must be based in part on a study of the business cycle, since the unemployed are mainly men who have been laid off because their employers can not make profits.

Social costs of cyclical unemployment must be weighed in terms of direct loss of production from idleness of men and plant in periods of depression; the direct cost of unemployment relief as usually conducted; the demoralization caused by inability to find work; and the wastes of productiveness characteristic of "boom" periods.

The quantitative study now being undertaken by a subcommittee¹ of the Standing Committee of the Conference covers, among other proposals for stabilizing employment, long-range planning of public works; long-range planning of construction and maintenance work by private employers; unemployment insurance and unemployment prevention by Government agencies; depression insurance by private employers; employment offices, public and private; out-of-work benefits by labor organizations; financial devices for controlling the business cycle; and improvement of statistical indices of employment and other "business barometers."

SEASONAL AND INTERMITTENT INDUSTRIES.

The constant process of attrition from seasonal and intermittent unemployment is probably even more dangerous to industry and to society than wastes from cyclical depressions.

The construction industry is a bad example of such wastes, and the Conference recommendations provided—

that Secretary Hoover, in continuation of the policy of the creation of local organizations inaugurated by the Department of Commerce, the National Federation of Construction Industries, the United States Chamber of Commerce, etc., appoint a committee selected from the various elements interested in construction, such as financiers, labor, engineers, architects, contractors, material manufacturers, and others to be known as the Committee on Construction Development, which will be charged with the responsibility of preparing and making effective plans for—

(a) Cooperation with the governors and mayors in the several States in carrying on community conferences on construction to the end that local restrictions may be eliminated, abuses done away with, and proper local attention to the efficient planning and development of construction work, as it is only

¹ Members of the subcommittee on business cycles are: Owen D. Young, chairman, New York, N. Y.; Clarence Mott Woolley, New York, N. Y.; Joseph H. Defrees, Washington, D. C.; Matthew Woll, Chicago, Ill.; Miss Mary Van Kleeck, New York, N. Y.

through such community conferences that the local situation can be properly appraised.

(b) The prompt removal of unnecessary or inevitable limitations and restrictions which have retarded real construction activity.

This national committee is to be named shortly. Meanwhile an example of local activity set in motion by the recommendations of the Conference is to be found in the city of St. Louis, where Mayor Kiel at once issued a call for cooperation among organized labor, building-material men, investment bankers, and other interests concerned in putting through a building program, and appointed Director of Public Welfare Cunliff to direct conferences to this end.

On November 21 Director Cunliff, representing the public in these negotiations to revive building, reported that he had called together bankers, material men, contractors, and labor representatives in several conferences and had received from the public pledges aggregating \$14,250,000 in new building projects, to be launched before April 1, 1922, if wages of building mechanics are reduced 20 per cent and material prices 10 per cent. One-third of the total will be launched within 30 days of the time these cuts are made. A day or two previous to this announcement the Building Trades Council had agreed to consider a reduction in wages, provided \$12,000,000 worth of building was pledged for the first four months of next year, and provided the building-material dealers would pledge a substantial reduction in prices of materials. The president of the Mercantile Trust Co. had previously promised that his company would reduce the commission on loans if labor would reduce wages in the interest of a building program.

With a total construction shortage in the country estimated at between ten and twenty billion dollars and with an industry conscious of past offenses and eager for public leadership, a real opportunity is offered elsewhere as in St. Louis in following up the Conference recommendations.

Plans for work by the Standing Committee in certain other industries where seasonal unemployment is a radical problem have advanced since the Conference adjourned. The problem in each industry is so peculiar, however, that no general plan can be drawn.

The Conference on Unemployment, held months before relief measures are usually needed—that is, before January to March—composed largely of manufacturers and organized by the Department of Commerce, thus emphasizing industrial responsibility, reached unanimous agreement on a complete emergency program, approved a large number of constructive suggestions for a permanent program, and provided a continuing committee to follow up the work and make more intensive investigations.

The recommendations were the unanimous view of representatives of the American Federation of Labor, the Railway Brotherhoods, United Mine Workers, and other labor organizations, the United States Chamber of Commerce, the National Manufacturers' Association, Government officials, bankers, social scientists, engineers, and others.

The immediate results have been excellent. We must now "carry on" through a difficult winter and at the same time strengthen the foundation for permanent results.



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